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27 May 1982

LATIN AMERICA REPORT

No. 2513

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DECISION NOT TO ABANDON YACYRETA PROJECT REVIEWED

Buenos Aires ENERGIA in Spanish Apr 82 p 555

[Article: "Yacyreta Is Not Halted"]

[Text] Recently, the energy sector, particularly the hydroenergy branch, has gained unusual public notoriety, not so much for a major contribution to the volume of generation (quite the contrary), but rather on account of the occurrence of political incidents which have caught the citizens' attention, owing primarily to the strange and rather discourteous manner in which the World Bank conveyed its opinion regarding the decision made by the Yacyreta Binational Agency's (EBY) Executive Committee on the awarding of the construction work. The upshot of all this was the resignations submitted by its executive director, Gen (ret) Lino Domingo Montiel Forzano, and the technical and coordinating directors, Engineers Hector Auad and Fernando Bach, respectively.

These officials, giving a perfect example of responsibility and professional integrity, decided to leave when faced with the exclusion to which they had been subjected and the lack of decisions concerning the execution of the project, as they noted in their resignations.

However, this commentary is not intended to review these events, but rather to discern potential future situations through the views of authorized observers who were especially questioned by ENERGIA.

According to our sources, it may be claimed that Yacyreta will not be shelved. The decision to undertake it soon is said to have been made by the Military Junta a few days before Great Britain forced our country to recover the Malvinas Islands without further ado. However, it would appear that this undeniably all-important act postponed the decision to announce it officially and publicly. Nevertheless, we are told that it is likely that if the dispute with London does not become worse and even though dangers may still exist, the government will report on the decision that has been made as a way of proving that "the country is not at a standstill waiting for what other countries may do." The announcement would include the intention of starting to negotiate the contract for the construction work and the appointment of someone with sufficient ability and personal qualities to bring the project itself to a successful conclusion.

Impregilo-Dumez Negotiations?

In connection with the former topic, it was learned that, a few days before the joint operations of our Armed Forces in the Malvinas took place, the Impregilo and Dumez firms, which are eagerly competing for the execution of the construction work, had intended to embark on negotiations for undertaking the work jointly.

Our informants comment: "It is possible that now the French position in the UN Security Council regarding our position in the Malvinas, which was reiterated by President Mitterrand to the British prime minister, and which is obviously detrimental to our national interests, may harm the project." In this case, the Argentine authorities would have no interest in dealing with Dumez, and would confirm the position assumed months ago, in agreement with Paraguay, to award the project exclusively to the Italian firm. The next immediate step will be to replace the resigned directors of EBY and particularly its executive director, who will be the one responsible for carrying out the difficult and complicated contract negotiations with the successful bidder which will quite likely last for 6 months.

The Most Likely Candidates: Bronstein and Carmona

At the time, we announced that one of the strongest candidates for filling the vacancy in the event of the departure of Gen Montiel Forzano was the former head of the Undersecretariat of Thermal and Hydroelectric Energy, Engineer Bernardo Bronstein. It is likely that, when this issue of ENERGEIA reaches the reader, his appointment as the new head of EBY will have been announced. The respective proposal to the Executive Branch was about to be made when the Malvinas operation occurred. Nevertheless, some imponderable factors could arise, and other candidates could appear, such as Engineer Gustavo Carmona, former administrator of the national road system entity.

According to the experts who were queried, both former officials meet the essential requirements for completing not only the contracting but the project itself as well.

Insofar as Engineer Bronstein is concerned, it may be recalled that it was he who promoted the project and completed the discussions between our country and our Paraguayan partner. The bonds of friendship and mutual respect which unite him with Engineer Enzo de Bernardis, head of the electrical entity in the neighboring country, are no secret. Both the World Bank and the IDB are familiar with his talents and negotiating capacity; and, our informants explain, there have been a number of occasions on which he managed, in his position, to surmount difficult situations into which we had been led by certain local officials, dissociated from EBY, with those credit institutions.

The observers are of the opinion that the unsuitable response from the World Bank to EBY would not have happened if the matter had been properly and competently handled by those who were responsible for doing so.

As for Engineer Carmona, mention is made of his experience in the execution of major public works, his reliability in handling international financial matters

and his concern for the modernization of the public administration structure, the most perfect example of which is the information retrieval system for the National Bureau of Roads achieved during his tenure as head of the entity.

It should be noted, we are told, that from this point onward there will be many other major decisions before Yacyreta becomes a reality. Without going further, this year will be particularly and burdensomely long. To the 2 years of delay, more time will have to be added as a result of the decisions which remain to be reached with the future contractors. But, over and above the technical considerations, it seems to be a fact that, regardless of the country's difficult economic situation and its external conflicts, the decision to carry it out is irreversible.

2909

CSO: 3010/1514

ECONOMIC CRISIS DELAYS CONSTRUCTION OF 'DOS BOCAS' PORT

Mexico City PROCESO in Spanish 12 Apr 82 pp 24-25

[Article by Fernando Ortega: "The Nation's Economic Crisis Will Postpone Construction of Dos Bocas"]

[Text] Paraiso, Tabasco--The country's economic crisis has postponed the completion of one of the gigantic projects of Mexican Petroleum, that is, Latin America's biggest petroleum port which is being built in this township hit by inflation, by social imbalances, and by workers who were discharged in large numbers by the contractor companies.

With this project, PEMEX [Mexican Petroleum] is trying to sell 50 percent of the total crude for exports without interruption. Until now, and during the period of postponement, it will continue to use a buoy [as published], located 30 kilometers from "Dos Bocas," the place where the port is being built.

On top of all the trouble deriving from devaluation and the drop in crude prices, the income which PEMEX gets this way was further reduced by the "northerlies."

All of these troubles prevented tankers from taking on approximately 600,000 barrels per day. The above-mentioned buoy was placed in the sea in June 1980. Since then, the northerlies have been hindering the export of crude for 12 days, altogether, until 2 March. In other words, 7.2 million barrels were not loaded through this port. PEMEX failed to collect an average of \$31.75 per barrel or \$228.6 million which, at the current rate of exchange, comes to 10,744 million pesos. (In 1981, PEMEX sold petroleum abroad for \$13,309 million [as published].)

The continent's biggest port is now 14 months behind schedule, according to Moises Cortes, petroleum boss of section 22.

Ideally, according to Dos Bocas superintendent Anel Aragon Bojorquez, the port should be running at 50 percent capacity this year or modestly at 30 percent but in view of the economic difficulties "I do not know."

It is not only the port of Dos Bocas which is behind schedule. The petroleum ports of Tuxpan, in the Gulf of Mexico, and of Salina Cruz, along the Pacific coast, as well as the petroleum products storage and distribution installations being built in the country are in the same situation.

Ramon Lopez Ortiz, the general superintendent for the Pajaritos Industrial Complex in Veracruz, assured us that "all of our installations continue to be provisional and very vulnerable when it comes to handling oil exports and that means buoys and vessels that are laid up. During storms, we found ourselves forced to close the producing wells with all of the subsequent repercussions and problems in terms of their return to production."

Construction on the port of Dos Bocas was started in October 1978 on 1,500 hectares of fertile land full of coconut trees, as well as plantain, papaya, and bully-tree fruit plantations. A part of the Paraiso agricultural operation was swept away to create what, with a touch of poetry, one of the building companies, **Protexa**, of the Monterrey Group, calls the new civilization where "yesteryear's pyramids now are the petroleum wells."

This is a "titanic" undertaking which took some 1,000 families out of their condition of underemployment; these are the people who used to live in what was the little town of El Limon.

The service, maintenance, cargo-handling, and processing areas for crude are unfinished; the crude comes from the Campeche probe and the Reforma petroleum zone. Only 200 meters have been built out of the 3 kilometers over which the main breakwater is to extend; this is where the tankers will be loaded, safe from the northerlies. The port will also have an oil distribution center but only six out of the seventeen tanks planned have been completed.

The total investment has been calculated at 35 billion pesos but with the devaluation of the peso and according to preliminary calculations for the Dos Bocas project, it will come to 50 billion pesos.

So far, 14 billion pesos have been spent on port construction. In 1980, the budget was reduced by 8 billion pesos but, due to the economic situation of the country and of PEMEX, it will be 4 billion this time. These changes have slowed the work done and the quality has also deteriorated; besides, half of the 5,000 workers, who normally work on the port for 50 private companies, have also been fired, according to labor union leader Moises Cortes.

On Monday, 1 March, a strong odor of gas and petroleum made the superintendents run to the storage area; the recently opened TV-5003 and TV-5006 storage facilities demonstrated the "sense of responsibility" of the building enterprises. First of all, the weldings for the lower steel plates had been "resold" and, second, the movable cupola slipped off and fell to the bottom of the tank.

Technicians interviewed in the area looked at the four tanks that were finished and said: "If the others are like these... ." Dos Bocas project coordinator Arturo Casas indicated that responsibility for these defects may fall to

several building enterprises, including Rexa, Finsa, ICA [Associated Civil Engineers], General del Norte, and Bufete Industrial.

PEMEX did not make a rigorous selection of contractors working on the port, Moises Cortes pointed out.

On the other hand, the contamination caused by leaks in the installations and the dumping of crude into the ocean were not studied by the state government. "PEMEX does have studies but refuses to release them," said Aureo Gonzalez Villaseñor, director of the agency's ecological environment preservation and improvement division.

Arturo Gomez Pompa, the general coordinator for the ecological environment of CONACYT [National Council for Science and Technology], said that the accelerated deforestation of vast tropical areas throughout the country, caused by clearing operations, as in the case of Dos Bocas, "benefits very few persons and harms Mexico in destroying a biological asset that belongs to all citizens."

Paraíso was a township with slow and balanced population growth. Petroleum operations and port construction resulted in considerable population movement. In just 4 years, the population doubled to 54,729 inhabitants.

Agriculture was affected extraordinarily since the peasants preferred to work in the oil fields. The reason is to be found in the wages which they draw as workers, that is, 3,000 pesos per week, as against 250 pesos earned by a peasant.

"This is why it has been necessary to bring in people from other parts of the country to harvest the cocoa crop and to cut sugar cane. Other crops, such as red peppers and coconuts, simply had to be left standing; corn and beans simply were no longer planted," said Alfredo Rodriguez Rocher, the Paraíso council chairman.

The petroleum operation has been a bother to everybody, he said. "Inflation continues and we have a crisis here; restaurants are being closed, transportation is declining, and some people are leaving; large numbers of workers have been laid off. Misery, prostitution, and corruption are on the rise and we cannot go back to agriculture because price supports are very low."

And he adds, with disappointment, "We live in a lost paradise."

5058

CSO: 3010/1499

DELAY IN YACYRETA PROJECT RAISES CONCERN

Asuncion HOY in Spanish 28 Feb 82 p 7

[Text] The long delay in starting the main parts of the joint Paraguayan-Argentine Yacyreta project has begun to have a negative and threatening effect on the economies of our own country and of the Argentine provinces adjacent to the project area, such as Corrientes and Misiones. It is urgent that we find a formula which will permit reactivation of the projects and plans outlined. Many firms which were established with a view to Yacyreta are on the verge of bankruptcy.

To date, emphasis has invariably been placed on one of the results of the delay in the Yacyreta hydroelectric project: the substantial increase in the cost of thereof, ignoring another vitally important consequence: the serious crisis it is causing in vast sectors of the Paraguayan economy and that of the Argentine provinces adjacent to the project area.

The implementation of the construction program for the Paraguayan-Argentine hydroelectric plant evoked a great response in the labor and capital sector of the nation's productive apparatus; as an example, we cite the call for bids by the EBY [Yacyreta Binational Agency] to award the 20 contracts under the plan for the construction of 1,000 dwellings in the vicinity of Ayolas.

Eighty-Three Firms

Each contract in this licitation included 50 units at an average price of 250 million guaranies. Eighty-three Paraguayan construction firms, most of them established because of the Yacyreta project, competed in the bidding.

Later on, the many bid calls which continued to develop, whether in civil engineering, consultation, supply, etc., became replicas of the above-mentioned case.

Actually, the number of interested firms participating in the bidding competition organized by the EBY--except in cases requiring extreme specialization--fluctuated between 10 and 50.

Civil Works

Participation by local construction firms in the civil works contract, important not only for the figures involved, but for the size and number of projects to be constructed, by special agreement between the Yacyreta agency and the international firms qualified to participate in the bidding, hovered around 15 percent.

Obviously this possibility aroused great interest in our country's construction sector, and immediately contacts were made by the construction firms to team up with leaders of the consortiums which were to present their proposals under the aforementioned call for bids.

This not only meant that extraordinary efforts were made to establish reliable and competent firms, but also implied the assumption of huge economic and financial commitments.

Paraguayan Firms

The Paraguayan firms which committed themselves to participation in the civil projects are as follows: 1) Yacyreta Construction Enterprise: leader, Impregilo of Italy, Paraguayan partners: Consortium of Paraguayan Construction Companies S.R.L. (CONEMPA).

2) Dumez S.A., leader, Dumez of France, Paraguayan partners: Francisco Scorza; COSERVI S.A.; Electromec; Promotec; Emarcom; General Construction Company; Construction Enterprise and Jose Puentes and Associates.

3) Dragados-Hotchier-CCI-Auxini; leader, Dragados and Constructions of Spain, Paraguayan partners: Construpar SRL; Concretes and Metals; COOR S.A.I.C.I.; Taller C2 and O.C.H.O.A.S.A.C. and I.

4) I.C.A. S.A.; leader, Associated Civil Engineers of Mexico, Paraguayan partners: Sadeco Constructions, S.A.; Y.C.A. Paraguay S.A.; Master S.R.L.; Construction Enterprise S.A.; Acico Industrial S.R.L.; Ecotec S.R.L.; Goldenberg-Perello S.A.; Tecnoedil S.A.; E.D.B.; Edifica S.R.L.; Arenales S.A. and Itacua S.R.L.

5) Morrison-Knudsen International (MKI) of the United States of America, Associated with Constructora S.R.L.; Campo Grande S.A.; Concrete-Mix S.A.; C.C.C.; Ingaer S.R.L.

Threat of Bankruptcy

Firms in these business organizations, which according to a rapid check with banks and financing institutions have heavy debts, are slowly but surely approaching total bankruptcy.

Spokesmen for some of the firms, summing up all the pessimism which has permeated the sector, have said that even should the civil projects be awarded this year, many, if not most, of these groups would use their profits to

pay the heavy interest on their loans to continue to hold on to their chances of participating in the construction of Yacyreta.

Refinancing Suggested

Another solution for the problems these firms are having, in addition to implementation of the projects, would be to refinance their debts.

The picture is no different in the labor sector, especially since the other big hydroelectric project is nearing completion and has begun to let some workers go, creating a pressing need to find an alternative source of work to absorb this available labor.

Corrientes, Misiones Coordinate Plans

The results of indecision on the Yacyreta project have also begun to appear to an alarming extent in the Argentine provinces of Corrientes and Misiones, to the point that even the governor of one of those provinces will begin efforts to find adequate solutions.

Actually, according to news dispatches from Corrientes, retired General Juan Pita will meet soon with the Argentine president to discuss with him "the serious damage being done in that province by the delay in beginning the Yacyreta projects."

"Yacyreta's importance to the region is obvious," he said, "and I, as governor of Corrientes, would not like to see it stopped, because the damage could be extremely serious."

To Coordinate Actions

In the private sector, institutions representing the provinces of Misiones and Corrientes have begun to mobilize to carry on the negotiations needed to find a solution to the stagnation of the Yacyreta project.

Spokesmen for these groups have indicated that the people of Ituzaingo, like those of the neighboring area, in Corrientes as well as in Misiones, are afraid that the long delay in carrying out civil projects already started, as well as in those pertaining to the dam which are already started and for which bids have been called for, although not awarded, "may provoke a serious social and economic crisis with unforeseeable consequences."

8735

CSO: 3010/1440A

USE OF ITAIPU HYDROELECTRIC POWER DISCUSSED

Asuncion HOY in Spanish 14 Mar 82 p 2

[Text] Several highly contradictory rumors have been circulating in the last week concerning the plans to make the maximum use of hydroelectric power in Paraguay.

It was learned from reliable sources that the Technical Cooperation Agreement reached by our country with the International Bank for Reconstruction and Development on 12 January 1981 was never implemented.

In the agreement, the international credit institution had promised technical advice for studies and research into the possibility of the greater use of the energy potential which Paraguay will have thanks to Itaipu and later on to Yacyreta, on its own soil.

According to our sources, the agreement remained invalid since no understanding was ever reached concerning our country's payment to the IBRD for its services under the agreement.

Lines of Action

The special commission which advises the government in studies for the use of hydroelectric power, created on 1 July 1980, announced through its president, Enzo Debernardi, that the studies would be concentrated around "five lines of action."

1) The replacement of petroleum as a fuel; 2) electric transportation facilities for Asuncion and surrounding areas; 3) exploration on Paraguayan territory for minerals capable of undergoing electrointensive processing; 4) creation of an industrial park in the Itaipu area; and 5) promotion of agroindustry.

Should this rumor be confirmed, our country would face a serious setback in the formulation of its plans to take advantage of the energy supplied by Itaipu.

Meanwhile, within the framework of the Itaipu projects, the various stages continue to reach completion without delay and with almost mathematical precision.

It has been announced that work will begin on the reservoir for the complex on 20 October 1982; turbogenerator unit No 1 is expected to commence operations early in February.

Unfortunately, as the months and years go by, the future promise of an industrial boom based on Itaipu's production is becoming ever more remote for our country. The treaty signed between our country and Brazil to confront this colossal project provides that ANDE [National Electric Power Administration] and ELECTROBRAS [Brazilian Electric Power Companies, Inc] must deliver their timetables for use of the power 2 years before the first generating unit begins commercial operation.

It must be admitted, however, that to date the Council of Administration, the binational agency, has still not set that date, which is so important for our country.

In March 1981, the article "Itaipu and Us," published by our newspaper concerning this series of adverse circumstances, mentioned the need for an emergency plan, the immediate result of which would be the exploitation and industrialization of our agricultural and livestock products as well as the expansion of the national industrial spectrum.

8735

CSO: 3010/1440A

EPISCOPAL REPORT TO POPE ON CENTRAL AMERICA

Mexico City PROCESO in Spanish 12 Apr 82 pp 43-45

[Article by Carlos Fazio: "Report to the Pope: Nicaragua, Marxist; Duarte, Victim; Guatemala, Frightened"]

[Text] Between 16 January and 5 February 1982, four secretaries general of the Latin American Bishops Conference and the assistant secretary of the CELAM, Hector Urrea, made a trip through Central America in response to an initiative by the Holy See. The following conclusions, given in a final report to Pope John Paul II, stand out.

"Military standoff" between the two "extremes"--the military and the guerrillas --in El Salvador, where the Christian Democratic Party and Jose Napoleon Duarte lost out and the agrarian reform by the American Prosterman was raised to the category of an "irreversible" panacea; growing "totalitarianism and repression," Marxist-Leninist ideologization of the state, march toward a confrontation between the Church and Sandinism in Nicaragua; militarism, "industrialization of death," presence of Argentine and Israeli advisors in Guatemala; crisis of the "employer state" and strengthening of Marxism in Costa Rica.

The 84-page report, signed by Dominican Bishop Francisco Arnaiz, the Mexican Genaro Alamilla, the Venezuelan Jose Troconis, the Brazilian Luciano Mendes de Almeida, and Hector Urrea, is addressed to the chairman of CELAM, Msgr Alfonso Lopez Trujillo, the archbishop of Medellin.

On his return to Mexico, Alamilla delivered a private lecture to priests and seminarians in which he disclosed very personal viewpoints on the Central American situation. His personal opinions do not always agree with and on some occasions contradict the official report by the five. PROCESO (No 282) published a summary of that lecture by the Mexican bishop.

In their presentation to Lopez Trujillo, the prelates say that the report is not supposed to be a scientific study of the sociological or political type on the problems of Central America but simply "the synthesis of eyewitness testimony" by the protagonists, simply transmitted, "without expressing any opinion on this matter and without judging anybody."

They recommend that the report be used as a basis for drafting a "dossier" on the Church in Central America so as to "properly inform" the various bishops conferences on the continent "which sometimes receive partial reports or reports that clash with the truth."

El Salvador

Concerning El Salvador, they start with the assumption that there is a serious situation of social injustice, the main cause of current conflicts. But they accept the United States view of the Salvadoran crisis: The struggle between two extremes, in the midst of which the Christian Democratic Party, headed by Jose Napoleon Duarte, is trapped.

Here is what they say: "Unfortunately, the Junta has not managed to do away with the country's internal tensions. This is due to the lack of a popular base, due to corruption in the armed forces, due to the impunity with which the extreme right-wing organizations operate, due to the resistance of the landowners against the agrarian reform which has just begun, and, above all, the determination of the left-wing groups to come to power."

The guerrilla insurgency is pointed up as the "fundamental element" in understanding the situation in El Salvador. Members of the Church have switched to that side due to Marxist indoctrination and due to ideologization.

The background scenario, they say, is made up of the interests of international blocs, given El Salvador's special geopolitical location in Latin America. "The big blocs, the capitalist and the communist blocs, represented by the United States and the Soviet Union, consider El Salvador to be a crucial point for their forces which are involved there." For some, El Salvador is "the place where the line against communism must be drawn"; for others, it is "the first country that must liberate itself from capitalist oppression."

Concerning the armed conflict, they say that there is a "military deadlock" between the civilian-military Junta, "protected" by the United States and "supported" by Venezuela, through the Christian Democratic Party, and the insurgents group (FMLN-FDR [Farabundo Marti National Liberation Front--Democratic Revolutionary Front], "supported" by Cuba, Nicaragua, and the socialist countries.

The Church appeared to be divided concerning the position adopted by its members regarding the way to overcome injustices and to lead the country's destinies; some remain critical towards the guerrilla approach and repression by the government and they promote national reconciliation, seeking to eliminate both the Marxist inspiration and capitalist influence; others have opted for a Church committed to the poor on the basis of radical changes in society and through ideologization and they resort to violent insurrection. Among them we find priests and religious who inspire communities of the "people's church" type. A third position reacts against Marxism, rejects the guerrillas, minimizes the arbitrary actions of government repression, and considers the present Junta and the planned elections as a political way out for the country. It follows a "traditional pastoral policy." It believes that the "purification"

of church circles, with the expulsion of the politicized members, would promote a solution. It does not call for any major short-term social reforms.

In the conclusions they list--as "hopes"--the agrarian reform in its irreversible course and as a basis for achieving more just living conditions as well as the expectations connected with the elections that would promote a "non-military" government. As "fears" they list the possibility that guerrilla action and repression might be stepped up in a spiral of violence and resentment, without ruling out the intervention of the international blocs.

Nicaragua

Judging by the "apolitical" and "no-opinion" report by the five prelates, Nicaragua is lost. At least for the Church, as viewed from the CELAM.

The revolution--they say--united all of the nation's sectors in the suppression of Somozaism; but after victory, division emerged with respect to the model to be established so as to eliminate social injustice. The criticisms directed by the Church hierarchy at the revolutionary process and Christians committed to it were received rather with crudity.

The process has fallen into "growing totalitarianism, with progressive stifling of liberties, repression, the spread of hatred and division among the people; excessive militarization and Marxist ideologization; alignment with Cuba and membership in the Russian orbit."

The Christians committed to the revolution are accused of engaging in "social-political oversimplification and a political instrumentalization of the faith; diversion of the teaching function of the Church; insubordination toward the hierarchical Church; and attempts at dividing the Church."

Nevertheless, they do express the "hope and fears" of some groups that are involved in the revolutionary process. Among these hopes they mention the following: "Making a revolution that will be a model of justice and dignity for the poor due to the merger of a collectivist economy, a classless society, and the Christian faith; creating a society without exploitation and without poverty; making sure that the Church, in adopting a clear option for the poor (and consequently, for socialism) will keep up with this process and strengthen it without obstructing it or sapping it."

Among the "fears," they emphasize: "That the Church might lose an exceptional opportunity to make a profound revolution in favor of the poor; that the Church might not detect the great opportunity which Sandinism is offering it in terms of the establishment of an authentic and vital Christianity; that the Church may be turned into an instrument by the bourgeois counterrevolutionary reaction or by the foreign geopolitical interests (the United States)."

In Chapter III on Nicaragua, the position taken by the bishops becomes obvious. Among the features of the Sandinist revolutionary process, they mention the following: "It invades everything, including religion; it turns some into fanatics and triggers total resistance in others; this is not a

reformist model but a revolutionary model with a total change of the production and distribution structures, the political power establishment, and the way of life."

"For some," they point out by way of shading, "this is a faithful copy of the Cuban model and for others it is profoundly different and very original because of the active and revolutionary presence of the Christians; for some it is already lined up with Cuba and through Cuba with the USSR; for others it is only 'aided' by Cuba; there is a clear socialist orientation; it is 'Marxist-Leninist' but it is not in conflict with Christianity because of that, according to the top leaders--who resort to lies to obtain their objectives and achieve their ends."

In the final part, "lights and shadows," the bishops say what they mean. First of all, they state reality: Worry over the poor; more equitable distribution of property; drive to wipe out illiteracy; improvement of health care; democratization of education; agrarian reform; admission of Christian elements into their cadres; margin of freedom, which is still trimmed and threatened."

In the second part, they echo the opinion of the Nicaraguan bishops hierarchy which is clearly opposed to the revolutionary process: growing totalitarianism; repression; Marxist-Leninist ideologization; alignment with Cuba and the Soviet bloc; "excessive presence of technicians and advisors coming from the Soviet bloc"; "many youngsters being sent to Cuba, Russia, and satellite countries"; Marxist indoctrination of the army and Sandinist youth; "excessive militarization under the pretext of real or possible invasions and uprisings"; "hostility toward the segment of the Church which does not bow to the system and extensive support for the segment of the Church which agrees with the process"; "tactical skill--according to many--in dividing the Church in order to weaken it."

As for the foreseeable future, they point out: "That the Church and Sandinism, aware of their leadership and their responsibility, are clearly heading toward a direct confrontation. If they want to avoid it, let Sandinism make some of the necessary corrections; the Church has a less aggressive and more collaborationist attitude toward these corrections and the true possibility of Christianizing the revolution; that the Church grows in terms of influence and that Sandinism is becoming more radical; that radicalized Sandinism, supported by Christian followers, might launch a war against the Church and that the Church might harden its criticisms of the process."

Guatemala

The report on Guatemala has a more descriptive structure and a different approach; it assigns priority to the activities of a "silent" Church, a church that is persecuted and intimidated, where all of its component parts are "under suspicion" by the government and where retreat, spiritual exercises, short training courses, and meetings are questioned. A hierarchy that suffers due to the lack of credibility in the eyes of the state which is convinced of the alliance between the Church and communism and of its support for the "subversives."

The attack on the "military class" is clearer. Here is what they say about it: "Very strong, allied with the powerful, it has reacted against any danger of Marxist indoctrination. Since those who have power also have money, they have unleashed strong repression against the groups that are promoted here and against those who help them in the course of a national security campaign with all of its characteristics.

"The military defend the rich and the rich defend the military because the military are rich and the rich have armed (militarized) themselves. This situation keeps the country in an atmosphere of anguish, fear, and continuing insecurity. Everybody is afraid. The military, the businessmen, the people, the Church. The military state and the rich are afraid of the peasants and the Indians because of their numbers; because of the degree of awareness they have achieved and because of the real or possible support offered to them by the guerrillas.

"Coexisting with the ruling class and its major interests, the regime, seeing how the platform of a system erected on an abandoned and exploited peasant and Indian population is shaken, reacts strongly against any possibility of communist infiltration with which it ties in any action that seeks the necessary social changes. The high military commanders frequently use the following expression: 'Once a communist, always a communist.' The industrialization of death has taken hold in Guatemala. There is institutionalized lack of confidence in the Church. Some point to the presence of very well-trained advisors coming from Argentina and Israel who collaborate in the field of investigation and state security. There are no political prisoners because the jails are in the cemeteries."

The reports on El Salvador, Nicaragua, and Guatemala conflict with each other. The interests and commitments of the bishops and the CELAM in each country obviously are different. This is why, in the case of Guatemala, the report to the Pope emphasizes: "Hard-line government position regarding the Puebla Document which it considers subversive and against which it indoctrinates the military. This is why the CELAM is also suspect."

What is the foreseeable future? "It is very difficult to predict anything. One can certainly expect the normal fruits of persecution as well as greater vitality in the Church. Strong cohesion of the Church with respect to the state in confronting persecution. Recrudescence of persecution and weakening of Church forces. Dialogue with the government to arrive at understanding and establish modus vivendi."

Costa Rica

Costa Rica, a country without bosses and without military heroes, a country with a strong democratic tradition, is not escaping the crisis in this sub-region in the diagnosis of the bishops.

Here is what they say: "There is an increase in the lack of confidence in the democratic system; there is apathy toward participation in public management and in political activities; the effectiveness of the state as an employer is in the midst of a crisis. Foreign, economic, and ideological interests

have designs on Costa Rica. Agents of all tendencies can be found operating on Costa Rican territory; from there they plan their entry into the neighboring Central American nations. Pressure groups are on the increase as a result of the ineffectiveness of the public administration in responding to the needs of the common good and the presence of Marxism in the universities and labor unions is growing stronger."

Here is what they propose: accept the challenges without falling victim to the game of hemispheric hegemonies; restore the public administration; stop Marxist influence. And one last question: How to continue without an armed force in the face of the militarist policy of the neighboring countries?

5058

CSO: 3010/1499

CAMILION POINTS TO DIFFICULTIES AHEAD IN CONFLICT WITH UK

Bahía Blanca LA NUEVA PROVINCIA in Spanish 24 Apr 82 p 2

[Article by Oscar Camilion: "Obtaining Maximum Consensus"]

[Text] An exercise in presaging the consequences that could result from the Argentine occupation of the Malvinas would have required experience, seasoned understanding and imagination. Nevertheless, a combined team of specialists who met those conditions to the utmost degree could never have predicted all the events that have been taking place in the world since 2 April which, moreover, are far from being exhausted.

As we have already noted previously, this is due to the fact that Argentina performed an act of sovereignty that is technically impossible under the circumstances of power at this point in the 20th century, also taking into consideration the basic ideas and loyalties to which our country adheres. That is why no one believed that the Malvinas would be occupied. It is now known that, despite disclosures and intelligence reports which indicated the possibility of the occupation, those responsible for the diplomatic area in both the United Kingdom and the United States and, undoubtedly, in the USSR, were taken by surprise. Hence, the steps that are being taken have assumed the guise of improvisation and in many instances they are unquestionably improvised. For this reason also, the next steps have become more difficult to foresee, in view of the fact that the leaders are stricken by what they did the day before without very much thought. This also explains the component of irrationality that has become incorporated into the process, something rather strange when it is contributed by a great power with unequalled experience in such exercises. All of this has, moreover, helped to explain why the mood of opinion is changing almost daily, depending on the tendency that seems to be introduced by events which do not take long to be belied, among other reasons, owing to the pressures posed by internal policy.

In this type of situation which is so changing we must at least bear in mind the major tendencies governing the history of our time. Those tendencies are certainly not inexorable in individual cases. The freedom of the individual, and hence of states, always has appreciable margins; but at least those tendencies presage what is most likely to happen. At least experience has shown that it is risky and costly to counter the historical tendencies, even for the superpowers, as proven by such telling examples as Vietnam and Poland.

In the case of the Malvinas, the following will not fail to serve in this respect as a frame of reference:

The essentially bipolar status of the present-day world in the area of security, and of the final decision on peace and war in the essential significance of our time, namely, nuclear war;

The decision of the leaders to the effect that there will not be a nuclear war either in the central theaters or in peripheral theaters;

The tendency to support, at least for a long time, the present state of "non-war" with growing arsenals, also because of the impetus that technological innovation (which is the specific area of economic development for the superpowers) has received from the political motivation provided by defense spending;

The affirmation of the national states as a means of specific integration of the political communities in the industrial era;

The end of colonialism;

The condemnation of the use of force, without exception in theoretical terms, and with major practical effects in the instances wherein force has been used without the action of either of the superpowers;

The political multipolarism based on the fact that there is in the world an increasing number of power centers capable of determining by their behavior the decisions and positions of the superpowers;

The need, despite that multipolarism, for the policies of nations not to interfere with the strategic balance resulting from the bipolarity which, in addition to the arms, guarantees the continuation of world peace;

The growing contradiction between the needs of national development demanded by the peoples throughout the world and the tendency to concentrate resources of all types, particularly the financial ones at this time, in a small number of centers, with the concurrent globalization of the tendency toward insolvency among three quarters of the states, both capitalist and socialist.

Argentina must take these factors into account amid the tremendous crisis that it is facing, because they are the origin of the sources of strength and the causes of weakness which have marked the nation's position since 2 April. Although the reconquest of the Malvinas is an end in itself for the Argentines, it has put at stake the entire Argentine cause in the world and the entire national destiny. It is obvious that the consolidation of that reconquest is now a genuine requisite for the nation's survival. The ways and means for that consolidation require a consideration of all the data involved and, of course, of the relationship of forces with which we are dealing.

The military occupation was, unquestionably, a suitable means for advancing with the political objective of recovering the Malvinas. We say "advancing" and not "resolving" because the situation was and still is of a diplomatic nature. Since

the conventional diplomatic facilities were obstructed, the use of force, moreover applied in the moderate, limited manner that was chosen, made it possible to open serious negotiations from favorable positions. The events have proven that advancement was possible through this expedient.

The problem is that the use of force to resolve an international problem is illegal, even when one is in the right, as in this instance. Of course illegality in the world of sovereign states is a category related to the strength of each one. And this is where our problem appears, because the argument of principle has been invoked for us in accordance with the aforementioned general tendencies (bipolarity, need to preserve peace, etc.). It would be a mistake on our part not to assess the weight of this argument on the European conscience, for example. In fact, the reason given, which up until now has been sufficient reason, by the leading European countries is that force cannot be used in our time to solve problems between nations. A good friend of Argentina, the Canadian ambassador in Buenos Aires, reiterated this argument with unusual clarity upon returning to our country this week. At the same time, the fact that there have been applied to Argentina (for recovering what is obviously its own) unanimous sanctions which were not carried out in so many recent flagrant cases, conforms to the argument of the relationship of forces recalled in this same paragraph.

This is obviously the main problem with the United States, aggravated by the fact that resorting to force has been done by a country within its sphere of influence and, to top it off, against the leading ally in NATO. This carries as much weight as the natural desire to preserve not only the conservative government but also Mrs Thatcher, the latter being a desire that appears to be waning, and that will wane even more as it is perceived that no head of government can withstand an impact such as that received by the prime minister, and that there are reasonable options within the conservative party. Hence, it is evident that one of our main diplomatic efforts, both present and future, must be the reestablishment of a relationship of confidence with Washington, one that is now deeply upset by the events.

It is well-known that American public opinion is becoming increasingly strong against Argentina, and that virtually all the really influential media are interceding every day for the United Kingdom. Even the WALL STREET JOURNAL has joined the campaign in which those like the NEW YORK TIMES, which have always kept our country on a sort of tacit black list, are participating with success.

The position of the United States, which has been hard in the bilateral realm, has found a new cause for irritation in the regional multilateral area on the occasion of the invocation of the TIAR [Inter-American Reciprocal Assistance Treaty] on the part of Argentina. The organization's Council gave our country strong support, which included a couple of votes that were not easy. To be sure, this extensive backing has been given for a procedural action and it is not surprising that Argentina has received it. There is no reason for the same thing to happen when the essential issue is voted on, whether because of the nature of what is under discussion (now something impossible to anticipate) or because of the pressure brought to bear by the United States.

There should be no illusions on the latter point. The United States can remain indifferent only toward a decision from the agency that is completely irrelevant, such as backing for the continuation of the bilateral negotiations with implicit support for its good offices. On the other hand, it will staunchly oppose any other formula. As merely realistic evidence, it befits us to recall that the TIAR was planned essentially by the United States, and for its own interests, although there has been a great deal of initial Latin American support since the time of Chapultepec. There is no precedent for collective security being invoked by a country which is on a troubled diplomatic course with the United States, as Argentina is at present. The most publicized instances of implementation of the TIAR (against Trujillo in 1960, against Castro in 1962, against Castro again in 1964, on the occasion of the intervention in Santo Domingo in 1965 and against Somoza in 1979) were actually State Department initiatives carried out through an intermediary. On the other hand, the TIAR has been activated here with the abstention of the United States, its undisguised ill will and, of course, its determination that this unexpected situation will bring the most innocuous results possible.

It is a real paradox that the mechanism for regional collective security should have been finally invoked by the country which was most opposed to its creation. Saavedra Lamas in 1936, Jose Maria Cantilo in 1938 and Atilio Bramuglia in 1947 were other examples of instances of Argentina's steadfast opposition to the existence and operation of a hemispheric mechanism for consultation, which Buenos Aires believed would be inevitably controlled by the United States. It is somewhat symbolic that the circle has been closed by this first genuinely Latin American invocation of the Rio Pact which, moreover, responds faithfully to the reason for its creation, that is, defense against traditional aggression (such as the present one) and not the clash of ideologies or the liquidation of anachronistic dictatorships.

Argentine Arguments

The main strength of the Argentine position is, of course, the historic anticolonial tendency, combined with the principle of territorial integrity. It is a fact that Argentina is right on the essential issue. It is also a fact that the British position is anachronistic and unsupportable as soon as a rational conversation begins. On this basis, we can rely on a positive initial position among many Latin American countries. However, so as to avoid a fall from the heights which unfounded expectations represent, we should bear in mind:

That the United States' dissuasive capacity is very strong, even among countries with which Argentina has a cordial close and neighborly relationship;

That some backing which Argentina has received is based not only on the fact that it has been deemed right on the essential issue, but also on the fact that the countries might think that the procedure adopted is a valid precedent for their own national purposes; something which, as a counterpart, would evoke negative positions among others, for precisely the opposite reasons;

That, apart from the influence of the United States, certain very important countries in the hemispheric group have close ties with Great Britain for financial reasons, and with the European Economic Community for commercial reasons, and those countries do not want Argentina to confront them with overly inflexible options.

That the heavy weight carried in the entire world by the argument of the need to resolve disputes through peaceful means constitutes an instinctive reaction and a rational criterion for the majority of foreign ministries;

That Argentina has differences in the region, the counterparts of which may or may not assess with rationality and balance the good opportunity being offered them to procure political credit in Argentina which would enable them to draw something in the future.

Needless to say, what Argentina obtains with the TIAR will be directly determined by what it asks, and the reasonable course of action is to seek a least common denominator that will not leave countries with significant weight in the category of abstentions. Very regrettably, since the relations with the United States are fundamental, and despite the fact that their rehabilitation will be a fundamental priority, if the TIAR meeting is held on Monday under conditions similar to those observed today, Argentina must attempt to secure a pronouncement that will obtain the maximum Latin American consensus, even though it may be unacceptable to Washington. Of course, we would wish that there were margin for another course of action, but such a hope does not seem realistic.

In the United Nations as well, anticolonialism will be the historical tendency that will back Argentina and the opposition to the use of force will be its main problem. It may be expected that, if the issue again traverses the path of the Security Council, Argentina would then have more overt support, especially from the socialist countries, support which is indispensable. The same thing holds true for the nonaligned countries, the mobilization of which by the foreign ministry has been proper.

To be sure, the entire situation will be greatly influenced by the possibility of whether or not military force is used. This prospect, which is really open as the incidents in this surprising process develop their intrinsic logic, should frighten the leaders more than it is doing so. We might be on the eve of the first armed incidents between Western countries that have occurred since 1945. Of course, the action of 2 April was an armed incident, but with special features which were to some extent unprecedented. What could occur from now on will be acts of war. It is difficult to predict now what will happen in both countries, in Latin America and in the UN after the first battles are waged and the record of the wounded and prisoners is opened. To be truthful, no one is prepared for it, nor is anyone prepared yet to study the financial and economic consequences which the crisis has already caused and those which it will produce.

2909

CSO: 3010/1524

GRAIN HARVEST FOR 1981-1982 ESTIMATED TO REACH 35 MILLION TONS

Buenos Aires LA PRENSA in Spanish 18 Apr 82 Sec 3 p 1

[Excerpts] The first estimates of the volume of the grain harvest for the 1981-82 season indicate that it will amount to about 35 million tons, which would represent a reduction of 3 percent in comparison with the preceding harvest, according to the current report prepared by the Argentine Cattlemen's Bank economic research service on the present status of the agricultural and livestock sector.

It then indicates that the delay in the planting of corn(owing to the lack of rain) would affect the output, possibly causing a decline of between 10 and 15 percent in the typically corn-producing area. Nevertheless, it is estimated that the corn crop will amount to approximately 10 million tons, a volume which could rank second in the historical records for this grain, excluding the record figure for the 1980-81 season (13.5 million tons).

Insofar as sorghum is concerned, it is noted that, because of its greater resistance to the lack of moisture, as well as the planting of hybrid seed over a larger area, it will reach a volume of 6.8 million tons (7.5 million tons in 1980-81).

In the case of sunflowers, the expansion of the planted area, combined with the use of a greater variety of hybrids, will afford an increase in its output, even in marginal areas; and it is predicted that the production volume will be approximately 1.2 million tons (1.3 million tons in 1980-81).

On the subject of soybeans, the report states that, according to the first estimates, the constant increase in the planted area and their use as a second seasonal crop on wheat stubble will make it possible for the 1981-82 seasonal production to reach a volume of 4.2 million tons (3.8 million tons in 1980-81).

Although the unification of the exchange market at the end of December represented a major recovery in the wholesale grain prices, this recovery has to some extent been partially offset by the marked decline noted in the quotations on international markets.

In the area of bovine cattle, the report observes that we shall continue to note a reduction in supply, which is apparently due to smaller supplies of

livestock for slaughter; a situation which (added to the lack of financial resources for the replacement of herds) would temporarily postpone the opportunities for initiating a cyclical pattern of retention.

Progress of the Crops

For the 1981-82 season, the production of oats, malt, feeding barley and rye has been estimated as reaching the tonnage cited below: oats, 500,000 tons; malt, 160,000 tons; feeding barley, 40,000 tons; and rye, 200,000 tons. When compared with the preceding agricultural season, these figures indicate a positive trend in oats and rye, with increases of 15.5 and 29 percent, respectively; whereas, for the malt and feeding barley, the drop in production would be 5.9 and 14.9 percent, in the order cited.

The canary grass crop for this season will amount to 37,000 tons, representing a 5.1 percent increase over that accrued in the preceding season.

The provinces of Buenos Aires, Santa Fe and Cordoba, the leading producers of this grain, had increases in the production volumes of 5.1, 3.4 and 9.1 percent, respectively.

The area cultivated with corn for this season, in turn, will total 3.65 million hectares, a figure 8.8 percent lower than that attained during the 1980-81 season.

It should be pointed out that the main declines have occurred essentially in the northern, northwestern and northeastern areas of Buenos Aires; in other words, in the typically corn-producing region (35 percent of all the corn planted), and these reductions are due to the nearly total lack of precipitation at the time of the soil preparation, as well as to an increase in the wheat-soybean combination.

During the 1981-82 season, the area planted with graniferous sorghum amounted to 2.63 million hectares; in other words, an area 9.6 percent larger than that recorded in the preceding season. In all the provinces which produce this grain there have been increases in area of varied sizes, owing to the decline that took place in the corn coverage as a result of adverse weather phenomena.

The latest research conducted in the different sunflower producing areas has shown that the area cultivated during this season will total 1.61 million hectares, a figure 15.8 percent higher than that recorded in the previous season. Buenos Aires Province is the largest producer of this oil-seed, contributing 60.7 percent of the total amount planted in the country. It has increased its coverage by 20.6 percent in comparison with the preceding season, and most of its districts, with a sunflower growing tradition, have expanded their areas under cultivation, owing to the good weather conditions for the progress of the coarse grain crops and the steady demand for this oil-seed.

2909

CSO: 3010/1514

EXPORT OF NONTRADITIONAL PRODUCTS SHOULD BE ENCOURAGED

La Paz PRESENCIA in Spanish 20 Apr 82 p 4

[Text] Santa Cruz, 19 Apr--The National Chamber of Forestry feels that the situation of several production sectors will improve appreciably if the government decides in the national interest to reactivate incentives for nontraditional exports.

The chamber also came out in favor of the government's authorizing the commercialization on the open market of 100 percent of the foreign exchange earned from exports by the private sector, as an additional factor of cooperation in the recovery of the ill-fated national economy.

Despite preparations to begin exploitation of forest resources, such activity has not yet begun in this district because of continual rains and the impassable condition of the roads. Lumbermen are looking with optimism to the timber-cutting activities which will begin at the end of next month.

The manager of the National Chamber of Forestry, Humberto Castedo, said that there are promising prospects for a better year than 1981, which was one of the worst in the history of the lumber industry because of world financial inflation.

Exports and the production of lumber in Santa Cruz last year were considerably lower than the previous cutting season. Castedo Leygue feels that climatic factors, export restrictions and price competition on the world market caused the lower figures.

1981 Production

Last year, wood exports from this district totaled \$17,785,844, while in 1980 the total was \$25,669,462, a difference of about \$8 million.

The principal market for Bolivian wood has always been Argentina whose imports in 1980 totaled \$12.5 million; last year, the figure dropped to \$7.1 million. The American market decreased from \$5.8 million in 1980 to \$4.5 million in 1981.

Castedo said that Bolivian lumbermen were seriously affected by the fact that Brazil, with government incentives, had begun to capture traditional Bolivian markets, because of lower transport costs and other advantages.

To provide incentives to the export of forest products, Brazil is imposing payment delays of up to 180 days on importers but pays its exporters on the spot. With this policy, lumbermen are beginning to expand their foreign consumer's market.

Other exporting countries, such as South Africa and Chile, are also selling wood at better payment terms to Japan, Europe and the United States. Buyers are beginning to succumb to these more advantageous offers.

In this respect, Bolivian lumbermen are at a great disadvantage, first because of high transportation costs, next because there is no incentive policy for nontraditional exports, and finally, because the lumbermen are running into bureaucratic obstacles at all levels.

On the basis of these considerations, the manager said that the government's priority policy should be to provide incentives to the productive sector with effective support measures. In spite of everything, the lumbermen are hoping for recovery of foreign markets this year.

8143

CSO: 3010/1477

SOCIOECONOMIC CRISIS DEMANDS URGENT ACTION

La Paz PRESENCIA in Spanish 20 Apr 82 p 3

[Editorial: "Urgent Measures"]

[Text] The 17 July 1980 coup, which had among its purposes the restoration of order, it was said--to which end it had to interrupt a process of constitutionalization--culminated, as has been shown as was foreseeable, in the stage in our entire history which was most chaotic, unstable and most continually threatened by changes of government. That, not to mention other faults apparent to everybody.

We are now in a highly dangerous situation the solution to which demands urgent government measures to avoid being always after the fact, to anticipate events and to handle them in such a way as to achieve a peaceful and patriotic way out which safeguards the values the people prefer, guarantees rational order and at the same time avoids those fratricidal confrontations which have done us so much harm.

Let us not for a moment forget the situation we are in.

First and foremost, the government which came into being on 17 July 1980 did not have the support of any political party; at best it had the support of a few persons who, although at times were members of such parties, were not authorized to speak for them; as for the paramilitary groups, there seems now to be an inclination to even ignore their existence, in spite of the fact that they performed several tasks, particularly during the early days of the new regime. The basic support was provided by the Armed Forces; however, although it was said that they were unified behind the new regime, it was quickly shown that such was not the case. Now there are enough indicators to speak of differences of opinion which do not bode well. It was said, not too long ago, that the discipline and vertical structuring which should characterize an armed force would be imposed; however, it appears that this proposal has not been acted upon.

In a related connection, there is a profound and dangerous economic and social crisis. The purchasing power of wages and salaries has dropped sharply; there are enterprises which find themselves on the brink of bankruptcy; the state

enterprises show no signs of improvement; the treasury is almost out of money; there is no foreign exchange. And all of this is happening while there are immoral acts and also crimes which are causing general indignation and which have not been punished.

Strikes proliferate and affect many sectors, ranging from the transport workers to the teachers today, with no assurance of what will happen tomorrow.

There has been talk of a solution which seems unique to us in the present circumstances: a national agreement to facilitate rapid and peaceful movement to full institutional life. However, the government persists in maintaining that unconstitutional decree which officially left the political parties without force and effect. But what always happens happened: the government did not recognize the trade unions; however, they functioned. The government does not recognize the COB [Bolivian Labor Federation]; however, it issues orders which are obeyed. The parties are not recognized; however, the government has to allow them to function and takes them into consideration. The recognition of rights has always lagged behind the reality which gives them actuality.

Therefore, what should be done now when time is at a premium is to permit the return of all exiles, stop all persecution against those who are engaging in political activities--unless they are involved in acts defined as crimes by the Penal Code and are subject to the procedures prescribed by our legal system. To accomplish all these things, there is no need for a decree of amnesty: it will be enough to give full force to the individual rights and guarantees established by our Constitution.

Only with an agreement among the majority political, economic and social forces and with the support of the Armed Forces will it be possible to enter an orderly and peaceful transitional stage. This should be the ideal sought because every conscientious Bolivian has to be appalled by the number of illegal and violent acts which have characterized our history.

However, the pertinent measures can no longer be delayed. There is no longer time for postponements because that would be the equivalent of helping events to overtake existing measures and precipitate us into a situation which we could only view with the greatest concern.

8143

CSO: 3010/1477

PEASANT AFFAIRS MINISTRY ON POOR AGRICULTURAL GROWTH

La Paz PRESENCIA in Spanish 19 Apr 82 p 3

[Text] The Ministry of Agriculture and Peasant Affairs has released a report which states that Tarija has limiting factors that are affecting its agricultural development.

The report indicates that this situation is also an impediment to the improvement of the standards of living in the peasant sector and consequently to progress and the integral development of the department. The report adds that the Tarija economy is based on agriculture and livestock raising. The low yield of the agroindustrial infrastructure is cited as one of the limiting factors.

In the case of grapevines, the report states that more land is being devoted to these plants every year; however, the output is still too low for the manufacture of wines and liquors. The report notes that this forces the country to import a certain amount of wines and alcoholic beverages resulting in a flight of foreign exchange.

With respect to carozo fruit trees, which are considered a highly profitable category, the report says that diseases affecting these orchards are preventing greater yield and are limiting the production of the canning industry. "It is necessary," the report notes, "to lower the prices of production materials, especially chemical products and fertilizers." The report goes on to say that the prices of these production materials must be controlled, and at the same time greater support must be given to the vegetable health sector.

As for oil-producing plants, the report states that the Villamontes oil plant is suffering from a lack of raw materials, such as peanuts, soybeans and sunflowers. The Ministry of Agriculture notes that the Bolivian Development Corporation and other organizations directly connected with this program should provide a solution to this problem, as the Villamontes plant requires a great deal of raw material to continue its operations.

Referring to milk production, the report says that this is limited because of the small properties system and excessive fragmentation of the land which impede extensive utilization of farm equipment. Added to this is the lack

of adequate technology, as thousands of farmers are not applying improved methods of production. The report states that the different organizations in the agricultural-livestock sector should start some kind of educational program so that the peasants will learn something about application of the integrated parcels method of farming as an alternative to the small properties system.

Irrigation and Erosion

The fundamental factors limiting agricultural development in Tarija are to be found in the irrigation and erosion sector. The report notes that the lack of water to meet the needs of crops in the Tarija Valley region is a harmful factor. The report adds that to solve the problem of irrigation water projects are being implemented with the cooperation of several organizations.

As for erosion, the report states that the loss of large areas of farm land in the Tarija central valley and in the rest of the department was due to the indiscriminate cutting of timber. The report adds that this cutting activity is still continuing in some areas of the department, in spite of existing restrictive measures.

Finally, the report says that among others, Tarija has the following problems: livestock and pasture management, inadequate extension programs, shortage of technology and economic resources, low levels of nutrition, health, etc.

8143

CSO: 3010/1477

ECONOMIC COOPERATION MEETING WITH USSR HELD

La Paz PRESENCIA in Spanish 20 Apr 82 p 9

[Text] The Soviet Union is highly interested in strengthening economic and commercial relations with Bolivia, according to an announcement made here by the ambassador plenipotentiary and extraordinary of the Soviet Union, Sergey I. Kovalev, at the beginning of the first Bolivian-Soviet Economic-Commercial Meeting.

Delegations of the two nations met for the first time on Monday in the elegant Los Tabijos Hotel. This meeting is considered important by national sectors "For sounding out the possibilities of the USSR's giving financial support to the country to ease its critical economic situation."

On the first day the Soviet diplomats have been very accessible to the press and have answered all questions through an interpreter. In certain instances, they indicated their preference for certain parts of their talks with newsmen to be off the record. One journalist emphasized "the diplomatic skill of the visitors."

In Los Tabijos Hotel, on this occasion no armed guard was set up as was the practice here when a high American official paid a visit nor were there permanent police patrols throughout the district.

According to Viktor Ivanov, deputy minister of foreign trade of the USSR, the principal purpose of this meeting is to analyze the economic and commercial relations of our countries and also to study the possibilities of more trade and economic cooperation.

Ivanov arrived in this city from Sao Paulo, Brazil, to take part in the meeting. He was received yesterday in El Trompillo by officials of the Bolivian foreign ministry and of the USSR Embassy in our country. On his arrival, he said that his country wishes to develop and strengthen relations. He also said that this wish includes readiness to cooperate with Bolivia economically. "The strengthening of ties between our two countries," he said, "will help resolve Bolivia's economic crisis."

Interest in Projects

Soviet technicians and diplomats expressed interest in Bolivian development projects, especially, they said, those to which the country has given priority.

Ivanov said that the USSR is not yet participating in major projects in Bolivia but is building the La Palca volatilization plant to produce concentrated tin in Potosi. "In any event, we are ready to consider Bolivia's proposals," he said.

In sectors of the Joint Bolivian-Soviet Economic Commission there was talk on the first day of meetings or proposals for projects such as "Rositas," which consists in the constructing of a large dam on the river of the same name for the production of electrical energy and large-scale irrigation. Another project involved the construction of streetcar lines in this city and in Cochabamba.

During the opening meeting, the Soviets said that they would seriously consider requests for aid and joint programs in the fields of agricultural-livestock and mining production.

The Bolivian delegation is headed by the undersecretary of international economic affairs of the Foreign Ministry, Eusebio Moreira Torrez; the chief of protocol, Julio Irriolagoitia; the head of the Foreign Ministry Office, Rodolfo Aramayo; and a group of technical advisers.

It was learned this evening that several projects will be considered in the next few hours concerning the manner in which Soviet cooperation could be most effectively implemented. It was also emphasized that commercial relations between the two countries have increased and that the automotive field had been very successfully entered with Lada automobiles.

Kovalev declined to make public statements on the Argentine-British conflict and the accusation by Mrs Thatcher's government that his country is supplying information about the location of the war fleet making its way across the Atlantic toward the Malvinas Islands. He said that his Foreign Ministry had already expressed the position of the USSR with respect to the conflict.

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CSO: 3010/1477

IMPORTANCE OF SOVIET COOPERATION VIEWED

Santa Cruz EL MUNDO in Spanish 19 Apr 82 p 5

[Editorial: "Trade Relations With the Soviet Union"]

[Text] The first meeting of the Joint Bolivian-Soviet Economic Commission will be held today in our city and will deal with trade and mutual cooperation matters between Bolivia and the Soviet Union. As the Soviet diplomats have given us to understand, this is a business meeting.

Bolivian-Soviet relations have been increasing in the last few years. The sale of tin by Bolivia and of automotive products by the USSR are the basis of commercial exchanges between the two countries at present. In the field of technical cooperation, the Soviets have collaborated in the installation of the La Palca Tin Volatilizer Plant.

The meeting which begins today is for the purpose of broadening trade and cooperation between the two countries. We think that this is an important event, particularly if it does not have political implications.

More than ever Bolivia is in need of international cooperation. There is no reason for it to forego any aid which will serve to increase its sources of production. In this regard and as concerns Santa Cruz, the word of the Soviet mission must be taken with respect to the Rositas Project and others that could be offered for the consideration of the visitors.

From this standpoint, Bolivia is making no innovation in the field of its international relations. It is doing the same with other Latin American countries: it is broadening the scope of its commercial relations.

We feel that relations between states are outside the realm of ideologies and that trade and technical cooperation go beyond the limits of politics. We can sell tin and other products to the USSR and can obtain machinery and technical assistance from that country for specific projects.

Santa Cruz, as other departments of the country, could be the recipient of some of those binational projects. In Rositas Department, it seems important to us; and if there is an acceptable offer, this would be the time to implement it.

Bolivia, to a greater or lesser degree, is receiving assistance from the United States and countries of the European Community. Soviet cooperation can also be important for the country.

Moreover, it is a fact that the USSR has been criticized for its low level of participation in the assistance programs of developing countries. It has been said that as a world power the USSR is not offering due cooperation to the developing countries of the world. As far as Bolivia is concerned, it remains to be seen whether the USSR is capable of providing us suitable cooperation free of political considerations.

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BRIEFS

ILLITERACY REPORT--The department with the highest illiteracy rate is Chuquisaca, with 61.2 percent, according to a report prepared by the Department of Social Statistics of the National Statistics Institute (INE) on the basis of the results of the National Population and Housing Census. The chapter dealing with the country's educational deficit says that the lowest rate of illiteracy is in Santa Cruz Department where only 21.1 percent of the school-age population is illiterate. The report includes data on the illiterate population between the ages of 5-19 years by department. In this regard, it is pointed out that 53.1 percent of the 5-9-year-olds throughout the country are illiterate. This percentage drops to 10.3 percent for the 10-14-year age group and increases although slightly to 13.7 percent for the 15-19-year age group. As for nonattendance at school, 43.4 percent of the 5-9-year-olds fall in this category; 21.1 percent of the 10-14-year olds and 59.7 percent of the 15-19-year-olds. In the publication "Educational Deficit in Bolivia," the INE includes information at the national, departmental and provincial levels. [Text] [La Paz PRESENCIA in Spanish 19 Apr 82 p 5] 8143

CSO: 3010/1477

APRIL POLL SHOWS INCREASE IN FIGUEIREDO'S POPULARITY

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 7 May 82 p 5

[Text] President Figueiredo's popularity is increasing and, for the first time since October 1979, 54 percent of those interviewed approve his performance, compared with 41 percent who disapprove, thus arriving at a positive popularity rating of 13 percent.

The data, for April of this year, were obtained by the Gallup Institute, which since May 1979 has made quarterly public-opinion polls among the urban population of 20 Brazilian states. Those interviewed in these polls--an average of 2,500 persons, all voters living in cities with more than 1,000 voters--have always answered the same question: "How would you rate the way in which President Figueiredo is governing the nation: very well, well, fair, poorly or very poorly?"

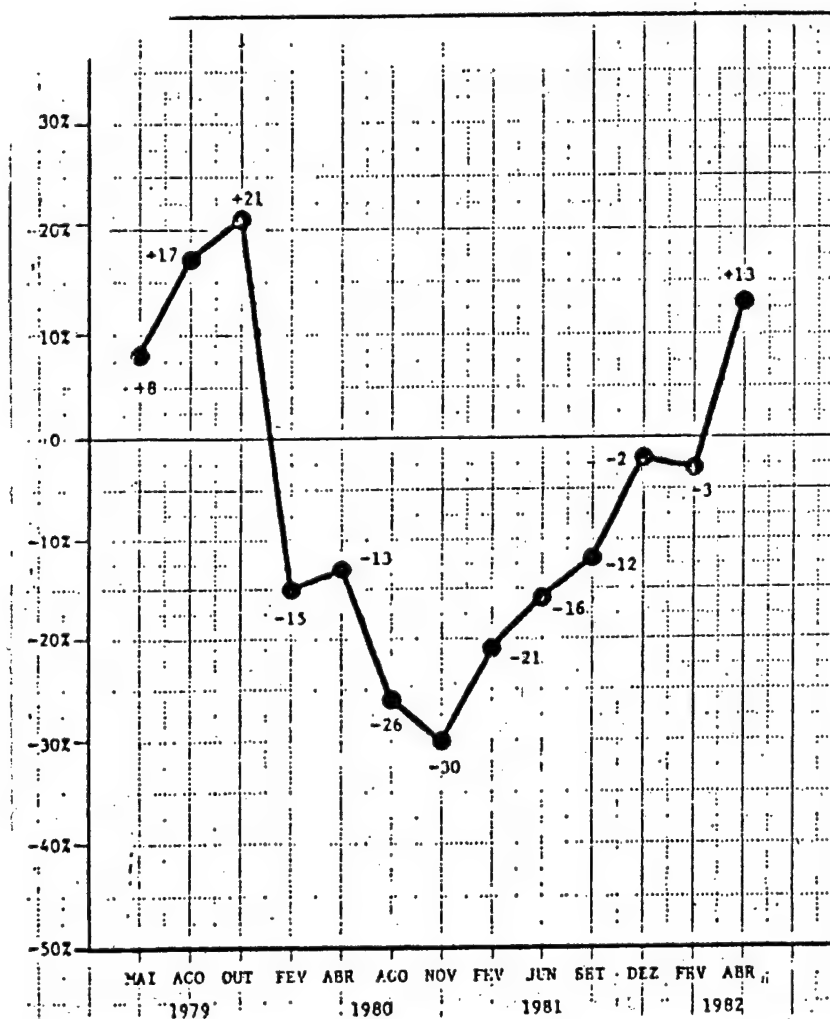
The replies to the most recent survey, made in April, show that although the average of the president's popularity is favorable it varies depending upon region and population. Approval of presidential performance is thus above average in states of the Northeast and Center-West and in small cities, with increasing disapproval in the South and Southeast, in state capitals and in larger cities.

In 1979, his 1st year as president, Figueiredo's popularity ratings (difference between approving percentage and disapproving percentage) were the highest yet recorded. Beginning with plus 8 percent in May, they reached plus 17 percent in August and set the record of plus 21 percent in October.

The following months, however, showed the greatest decline in presidential popularity during his term, with successive negative ratings. From minus 15 percent in February 1980 and minus 13 percent in April, the figures reported by the poll fell to minus 26 percent in August and hit the record low of minus 30 percent in November 1980.

Since then, with only a brief and small interruption, the interviews have given Figueiredo ratings continuously less disapproving: minus 21 percent in February 1981, minus 16 percent in June, minus 12 percent in September, minus 2 percent in December, falling to minus 3 percent in February 1982 and becoming plus 13 percent in April.

Trend of Figueiredo Government's Popularity Ratings



State Capitals Disapprove

In tabulating data from the poll according to the nation's geographical regions and according to size of cities where those interviewed live, a clear trend in public opinion is apparent: the more developed the region and the more cosmopolitan the city, the greater is disapproval of the government.

Whereas the national average of the president's popularity in the latest poll is 15 percent, the regional breakdown shows the Southeast and South below this figure, the former with only plus 5 percent and the latter with plus 12 percent, while the North and Center-West considerably exceed the national percentage, reaching plus 26 percent and plus 30 percent respectively.

In regard to cities, the difference between the extremes is even greater, going from plus 28 percent approval in places with less than 5,000 voters to minus 3 percent in state capitals. These negative ratings in state capitals are, in fact,

Disapproval Exceeds Approval in State Capitals

(1)		(2)					(3)			
	TOTAL NACIONAL	REGIÕES DO PAÍS					TAMANHO DE CIDADES			
		(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
		SU-DESTE	SUL	NOR-DESTE	CENTRO-OESTE	CAPI-TAIS	MAIS DE 50000 ELEI-TORES	DE 10000 A 50000 ELEI-TORES	DE 5001 A 10000 ELEI-TORES	ATE 5000 ELEI-TORES
(13)		X	X	X	X	X	X	X	X	X
APROVAÇÃO	54	50	53	60	63	46	49	61	57	62
(14)										
DESAPROVAÇÃO	41	45	41	34	33	49	44	34	37	34
(15)										
ÍNDICE DE POPULARIDADE (DIFERENÇA)	+13	+5	+12	+26	+30	-3	+5	+27	+20	+28

Key:

- | | |
|--------------------|------------------------------------|
| 1. National Total | 9. Over 50,000 Voters |
| 2. National Region | 10. From 10,000 to 50,000 Voters |
| 3. Size of Cities | 11. From 5,001 to 10,000 Voters |
| 4. Southeast | 12. Up to 5,000 Voters |
| 5. South | 13. Approval |
| 6. Northeast | 14. Disapproval |
| 7. Center-West | 15. Popularity Rating (difference) |
| 8. State Capitals | |

the only negative ratings revealed by the poll regarding cities. In all other cities, even large ones--where presidential popularity is not very high--the figures were positive: plus 5 percent in cities with over 50,000 voters, plus 20 percent in those with 5,001 to 10,000 voters and plus 27 percent in those with 10,000 to 50,000 voters.

Despite these regional differences, however, the increase of President Joao Figueiredo's popularity is broadbased and widespread nationwide. Although with different ratings for distinct regions and cities, the polls show a constant and widespread change in the president's favor.

After the very low ratings recorded in 1980, in 1981 a resumption of presidential popularity began, which continued throughout the year and so far into 1982. The formerly declining curve of presidential prestige is now in full and vigorous ascendancy.

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CSO: 3001/136

NAVAL MEETING IN SOUTH; AIR MINISTER'S FALKLANDS COMMENT

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 5 May 82 p 11

[Text] Porto Alegre--The commandants of the nation's six naval districts and the Brasilia naval commandant, along with their staffs, met yesterday in the port of Rio Grande, 320 kilometers from Porto Alegre, to begin their annual meeting with the Brazilian Navy's commandant for naval operations, Fleet Admiral Paulo Bonoso Duarte Pinto, to evaluate "their common problems and become familiar with the location" where the Fifth Naval District, which is being moved from Florianopolis, will be installed. In passing through Porto Alegre, the assistant chief of the Naval Operations Command, Rear Admiral Ivan Serpa, explained that the meeting has no connection with the conflict between Great Britain and Argentina in the South Atlantic.

Although the port of Rio Grande is the nearest to the conflict, according to Serpa "there is not the least possibility that the Malvinas crisis will be discussed during the meeting." That sort of monitoring, he noted, "is done at a higher level" and if the purpose of the meeting were to evaluate and discuss the progress of the conflict "we would have stayed in Rio." Brazil, he stressed, is neutral and should remain so.

The meeting, which will last until next Friday, will be attended by about 25 to 30 persons, including rear admirals, captains, commanders, lieutenant commanders and other officers. With so many subjects to discuss, according to Rear Admiral Ivan Serpa, the meeting "could not have been planned only 15 days ahead." The date, he explained, was set 2 months ago.

The Fifth Naval District, which will be transferred to Rio Grande, is to begin functioning at its new site by the end of this year and the beginning of 1983. Among other things, the commandants of the naval districts will discuss how many Marine Corps personnel should be transferred there although, despite the strategic position of Rio Grande, it should not be different from what already exists in the other districts. Besides this force, the Fifth District will be organized to patrol the coastal area of 200 miles and provide sea rescue.

Likewise denying any connection with the Falklands conflict, the Navy at the end of April finished maneuvers in the south of the country with a task force made up of several vessels. At the end of the week the 3d Army also put on partial alert all its units in the south of the country, likewise as an exercise. Completing the

picture--with the same explanation that there is no connection with what is happening in the Malvinas--the Air Force just concluded exercises in its area involving support and combat aircraft from Canoas and Santa Maria air bases in Rio Grande do Sul, in the area of the Fifth Regional Air Command.

Meanwhile, on Brazil's border with Argentina, Argentine Daniel Brugiati will begin today, in the city of Uruguaiana, 650 kilometers from Porto Alegre, a campaign to collect food, clothing, medicine and other things which he intends to send to the troops defending his country in its conflict with Great Britain for control of the Falkland Islands.

Delio Concerned About War

Air Minister Delio Jardim de Mattos, in visiting construction yesterday at the Guarulhos Airport, said he is quite concerned about the war in the South Atlantic and the great number of victims it has produced, something "almost inconceivable in this day and age," he commented. And he expressed astonishment at what he considered the "minor impact" of these deaths. According to him, when 20 people die in a country, the whole world is concerned, "but now, when the newspapers say 500 sailors have died it seems not much importance is given to this." But the air minister stressed that he was speaking as a private citizen, as the government's opinion regarding the conflict is a matter for the Foreign Affairs Ministry, not for his ministry.

Even so, he said he thinks there will be an agreement between Great Britain and Argentina and that there is no possibility of Brazil's intervening in the conflict. Asked about the consequences of Washington's support for London, he predicted that this would result in a separation between North and South America but it will not last long. Regarding the report of a movement of Brazilian aircraft from Santa Maria to Porto Alegre and whether it might be connected with the war, the minister asserted that he knew only about a safety precaution in that area for the purpose of preventing any problem at the folk-music show in Porto Alegre on 1 May, "but without the participation of the Air Force."

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NEW MINISTER OF WELFARE, SOCIAL SECURITY INTERVIEWED

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 7 May 82 p 19

[Report on interview with Helio Beltrao, new minister of welfare and social security, by Anamarcia Seraphim in Brasilia 6 May: "Beltrao Wants to 'Humanize' Social Security"]

[Text] Brasilia--"Social Security will never close its doors. But it must be administered well." With these words the ministry's new head, Helio Beltrao, in an exclusive interview yesterday with O ESTADO DE SAO PAULO and JORNAL DA TARDE, explained his position in regard to the agency he will begin to administer Monday. With another phrase he expressed his confidence in the effectiveness of its services, in comparing social security to a newspaper: "One can never say that a newspaper is ineffective, because if it manages to come out every day it is demonstrating its effectiveness."

Quite reticent because he considers himself as of now only the minister for reducing bureaucracy, Helio Beltrao confessed that he does not yet have any working plan: "I would not be much of an administrator if I had plans for an assignment I had not yet received. First I am going to sit down and listen, request information, evaluate it and then change only what must be changed," which he said he thinks "will not amount to much."

But he did admit that one of his major concerns is to humanize the 10,000 INPS [National Social Security Institute] and INAMPS [National Institute for Social Security Medical Assistance] queues, "paying attention to them," to improve care to the public, "turning attention to the front lines, because that is where the service desk and the clinic are," and upgrade the periphery, where the employees who care for the public do not receive DAS [expansion unknown] (fees)--a privilege, he said, of only the large centers.

Beltrao said that one of his intentions is to have a group devoted entirely to "humanizing the queues," checking up on how the people are being taken care of, which he himself will do, going to places for a first-hand appraisal. But he did not promise a short-term miracle, because the queues are enormous.

He strongly criticized the centralization and voluminous paperwork in the public services--and Social Security is the largest of these, as it administers 8.5 million benefits monthly, 400 million medical visits per year, has over 100,000 employees and is surrounded by so many central agencies that it ends up getting the

impression that its objectives are the same as those of any agency and must be met in Brasilia.

Within this line of reasoning, the new social security minister was emphatic in saying: "I trust people, I delegate responsibility. For this reason I intend to set up a reliable team, because my administrative style is based on delegation and trust." The minister, in his opinion, must be reserved for only those tasks that cannot be transferred.

Calling Social Security "an enormous undertaking, very difficult to administer," Beltrao confessed that in over 40 years of administration he learned that management is a function requiring prudence, patience and information. "And then, after one is well-informed, it requires courage, decisiveness and effectiveness to make the necessary changes."

But he made it clear that he had not received any recommendations from President Figueiredo in terms of changing or not changing the policies of the social security system. Everything that must be done will be done, this very year if necessary. But he emphasized that he did not foresee anything substantial to be changed, although he had not yet analyzed the system thoroughly.

Asked whether he will be taking over Social Security with cash-flow problems, he said he doesn't think there is any problem involving a deficit, for the present at least. He then stressed that forecasts of future deficits are always a catastrophic possibility that he intends to avoid, as Brazil is a country of poor people who depend upon social security for minimum social tranquillity.

He also supported the increasing integration between the ministries of Social Security and Health, because they are basically working in the same area, and similar cooperation between federal health and welfare agencies and those on the state and municipal level. But he did not want to comment about the transfer of INAMPS to the Health Ministry, adding that he does not yet know whether such a transfer is to take place.

In his administration he intends to see that public hospitals and clinics are fully utilized, which does not mean, he said, that he will give priority only to public institutions, as he admitted that "we all know the health situation in Brazil cannot be met by such establishments alone; the private sector must also be resorted to." In the field of medical care, specifically, he intends to continue avoiding distortions, sophisticated and unnecessary examinations, exaggerated expenditures and types of uncontrollable payments. And those who defraud the system he promised to put in jail.

Replacements

"I have no preoccupation about the 'cardinals'--former officials of the Social Security Ministry--because they are not concerned about taking over my ministry either," was Beltrao's reply on being asked whether he intended to readmit the "cardinals," a term he does not like, because it gives the impression of a caste system. He confessed that these persons called "cardinals" usually "do not want anything, have already had successful careers, people my age, who fulfill their duties as an obligation."

For the present, the new minister intends to replace only those in key positions: presidents of autonomous agencies, secretaries and some others, not because he doesn't trust those now in such positions, as he insisted on making very clear, but because the usual procedure is to replace them with persons of whom he has more intimate knowledge. He has not yet chosen these new aides, which he intends to do after returning from the United States.

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SMALL PARTIES PROJECTED TO SURVIVE UNTIL 1986

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 6 May 82 p 4

[Text] Getting 2.5 million votes in next November's elections would be no easy task for the PDT [Democratic Labor Party], the PTB [Brazilian Labor Party] and the PT [Workers Party], who will find it easier to survive as a result of the government's decision to suspend this requirement until the 1986 election. They breathed sighs of relief.

The 2.5 million votes represent 5 percent of the electorate who will vote in the November elections throughout the nation. Moreover, under the constitution these votes must be distributed over at least nine states, with at least 3 percent of the electorate in each of them, if the parties are to become permanent.

If these rules had remained, the small parties were running the risk of dying after November's election. The nation might return to a two-party system, with only the PDS [Social Democratic Party] and the PMDB [Brazilian Democratic Mobilization Party], which would mean new risks for the government, which has been losing ground year by year while the opposition's ranks have been increasing.

The idea of making life easier for the small parties has been well received in Congress from the beginning. Both the PDT and the PTB requested the measure, while the PT emphasized, through its representatives, that its formation was assured regardless of any constitutional change.

Based upon the findings of the last census, Brazil has 119,078,992 inhabitants, and as the voting population usually represents from 40 to 45 percent of this total, it is estimated to be between 40 and 48 million persons. The exact number is unknown as of now and is to be established by the Superior Electoral Court nearer election time.

The state with the largest population is Sao Paulo, with 23,040,698 inhabitants, which means about 10 million to 12 million voters. Minas Gerais is next, with 13,390,805 persons and between 5 million and 5.5 million voters, followed by Rio de Janeiro, with 11,297,327 inhabitants and 4.5 million voters. The 3 percent of votes required in at least nine states would call for 300,000 in Sao Paulo, 165,000 in Minas Gerais and 125,000 in Rio de Janeiro. It would be difficult for the new parties to get that percentage of votes in nine states.

According to the PDT leader in the Chamber of Deputies, Alceu Collares, other measures should accompany suspension of the requirements, such as free radio and television time for the parties to express their ideas and discuss topics of national interest.

In the opinion of the PT leader, Deputy Airton Soares, the government decision may be necessary to ease the situation of the PTB, "which is up the creek without a paddle." And he added: "The change was made for that reason, to ease the situation of Sandra Cavalcanti in Rio de Janeiro, Janio Quadros in Sao Paulo and Paulo Pimentel in Parana. The PDT will benefit from not having to have a national organization in 1982, but that is different because it will have one eventually, whereas the PTB will benefit only in this November's elections."

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CSO: 3001/137

REQUEST FOR NATURALIZATION DENIED PRESIDENT OF UNE

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 5 May 82 p 14

[Text] Brasilia--UNE [National Students Union] President Javier Alfaya, Spaniard, could be expelled or deported from the country if he were to participate in any political demonstration or join a political organization or party. He is to be warned about this again by immigration authorities in Salvador or Sao Paulo, where his activities are centered, after having had his naturalization application turned down by Justice Minister Ibrahim Abi-Ackel.

The naturalization application of Francisco Javier Ulpiano Alfaya Rodrigues, now 25 and a resident of Brazil since the age of 7, was made in Salvador, where he was living, on 1 March 1979. A court order by federal police delayed its processing until August 1980, when it was combined with about 8,000 other cases whose approval was blocked by the new Foreigners Law, which was not implemented until December 1981, after undergoing additional changes.

Since January about 4,000 naturalization applications have been approved and about 500 denied, including Alfaya's, according to case number 36.993/81. The reason given by the Justice Ministry was that the UNE president, elected to that position last November, does not meet the requirements of Article 112 of the Foreigners Law, which in Item VIII requires "good conduct" by the applicant.

Alfaya's lawyer, Ronilda Noblat, can appeal Abi-Ackel's decision to the Federal Court of Appeals (TFR) but, according to specialists, would be unlikely to succeed inasmuch as this is an administrative action entirely within the province of the executive branch and all required legal channels were pursued. As a result, the UNE president, who has a permanent visa, is classified under the Foreigners Statute, which prohibits political demonstrations.

Denial of his naturalization application already constitutes a "warning," according to a source in the Justice Ministry, where a close watch is being kept on the UNE president's activities by federal police. The authorities, according to the same source, intend to act with "caution and tolerance," as there are already sufficient grounds to begin expulsion or deportation proceedings. Among the evidence of activities prohibited to foreigners, the Justice Ministry has a recording of Alfaya's interview on Itapua television in Salvador, a record of his activities during Labor Day observances in Rio de Janeiro and at PMDB [Brazilian Democratic Mobilization Party] conventions, where he was involved in friction between segments of

the MR-8 [8 October Revolutionary Movement] and the PC do B [Communist Party of Brazil].

Alfaya will probably be given another warning to comply with the law because an expulsion action, according to the Justice Ministry informant, is very damaging to the government, domestically as well as internationally. He warned, however, that there is a limit to tolerance and, moreover, government analysts believe Alfaya's career in student politics is on the decline, with strong opposition in Goias and Minas Gerais and in significant segments of Bahia and Sao Paulo. Among Alfaya's major opponents are the PT [Workers Party] members associated with undercover groups and parties.

Alfaya's political activities have moved to the Rio-Sao Paulo axis, where he spends most of his time although he has managed, according to authorities, to attend classes required for his courses at Bahia Federal University, where he is an architecture student.

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IBGE ANNOUNCES 8.32. PERCENT UNEMPLOYMENT RATE IN MARCH

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 1 May 82 p 28

[Text] Rio de Janeiro--Unemployment rose again in March over that of February, a setback to expectations of economic recovery and improved employment conditions. Unemployment was 8.28 percent in February and it rose to 8.32 percent in March. According to IBGE [Brazilian Institute of Geography and Statistics] data, unemployment rates rose in Sao Paulo, Belo Horizonte and Recife and fell slightly in Rio de Janeiro, Salvador and Porto Alegre.

IBGE did not report the overall unemployment rate in February; it now says that rate was 8.32 percent, the same as the month of March, although at the time its specialists reported unemployment had reached 8.28 percent. In March there were 932,007 persons out of work in the six major metropolitan regions, in addition to 1,641,000 persons not counted because they are underpaid [sic; paid less than the minimum wage?], in a work force of 11,218,700 persons.

Unemployment rates in March are quite similar to those of March last year, showing that if there has been economic recovery it has not yet become apparent in the level of employment. Unemployment as a percentage of the labor force, among persons who are seeking work for the first time, continues to increase significantly, showing that young people looking for their first job are carrying the greatest burden of recessionist policy. Since this survey began in January last year the rates have shown that the labor market is not absorbing new contingents.

It is also noted that unemployment for March of this year compared with that of March last year increased in Rio de Janeiro (0.06 percent), Sao Paulo (0.6 percent) and Recife (0.26 percent), while falling in Belo Horizonte (0.94 percent), Porto Alegre (0.57 percent) and Salvador (1.60 percent).

Unemployment in Six Major Metropolitan Regions

<u>City</u>	<u>Work Force</u>	<u>Unemployed</u>	<u>Percentage</u>
Rio de Janeiro	3,446,200	307,056	8.91
Sao Paulo	4,652,100	375,424	8.07
Belo Horizonte	992,600	89,433	9.01
Porto Alegre	845,100	52,565	6.22
Salvador	571,300	43,076	7.54
Recife	711,400	64,453	9.06
Total	11,218,700	932,007	8.32

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FOREIGN LOANS ALREADY COVER 59 PERCENT OF PAYMENTS BALANCE

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 1 May 82 p 28

[Text] Brasilia--As of yesterday Brazil had already borrowed \$8.04 billion in foreign loans, which is 59 percent of the \$13.6 billion total it needs for this year's balance of payments. Jose Carlos Madeira Serrano, director of the Central Bank's foreign area, revealed that even with the conflict between Great Britain and Argentina over the Malvinas Islands, April set a new record for foreign money borrowed in 1 month: \$2.026 billion.

Madeira Serrano said last month's borrowing shows the Malvinas crisis has not affected Brazil's credibility and in view of this situation the Central Bank has given ELETROBRAS [Brazilian Electric Power Companies, Inc] the green light to borrow \$300 million next Monday through a syndicate led by Bank of America.

Money borrowed from January through April of this year totaled \$6.076 billion, but the nation had already borrowed \$2.22 billion last year for entry this year. Of this total of \$8.296 billion, Brazil has set aside \$255.2 million for entry in future years.

Of the money borrowed in the first 4 months of this year, 41.9 percent was borrowed by the private sector, a total of \$2.545 billion; 36.6 percent represents direct transactions and small closely-held syndications--"club deals"--amounting to \$2.222 billion; 14.6 percent are syndicated loans worth \$890 million; 4.3 percent are disbursements made by international institutions totaling \$261.9 million; and Brazil has collected \$110 million from selling trade acceptances for exports--1.8 percent of the total volume.

The private sector also had record foreign borrowing in April, with a total of \$933.5 million, a daily rate of \$49.13 million. According to Central Bank records, \$484.03 million was borrowed through domestic banks under the rules of Resolution 63 and \$449.46 million represented direct transactions according to the rules established in Law No 4131.

Improvement

There was also "significant improvement" in placing syndicated borrowings due to the market's receptivity. Madeira Serrano asserted that leader banks in these transactions found favorable conditions for syndicated loans. He said that in

April Petrobras borrowed \$375 million in placing a loan for \$300 million that was 25 percent oversubscribed. "It has been a long time since Brazil was able to gain such a large share of the international financial market," the Central Bank director commented.

For this reason, with only \$5.56 billion more to be borrowed between May and December, Madeira Serrano said Brazil is not worried about meeting the balance of payments this year, regardless of how the conflict between Great Britain and Argentina may turn out and whatever its impact may be on the international financial market.

The Central Bank director said he is unaware of any decision by the Argentine government to suspend foreign payments and avoided making any comment. But he mentioned that April's record borrowing, even with the Malvinas crisis existing since 2 April, makes it clear that international bankers no longer think in purely hemispheric terms and prefer to diagnose each country's economy separately, which should help maintain Brazil's credibility.

Serrano went so far as to express the conviction that Brazil's trade balance will close the year with a \$3 billion surplus.

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CSO: 3001/137

IBGE SAYS 1981 INDUSTRIAL OUTPUT FELL 6.28 PERCENT, NOT 9.56 PERCENT

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 6 May 82 p 34

[Text] Rio de Janeiro--Industrial production in 1981 fell 6.28 percent, not 9.56 percent as had been computed previously by the Getulio Vargas Foundation [FGV], according to a new study made by the IBGE [Brazilian Institute of Geography and Statistics] and announced yesterday by its president, Jesse Montello, after sending these findings to the FGV director, former cabinet minister Octavio Gouvea de Bulhoes, so that all the Gross Domestic Product (GDP) data can be revised. In this way the decline of 3.5 percent in the economy estimated by the FGV will be moderated by the new figures provided by the IBGE.

As the IBGE president had said that the former method exaggerated both falling and rising trends because of the small universe covered, the change in GDP computation last year should dampen the declining trend shown although revision of the historical series will likewise diminish or annul somewhat the growth shown in years previous to the recession.

Jesse Montello said that he "suspected" the original survey made by the IBGE (and which was used as the basis for the FGV computation of the GDP) because it showed electricity consumption had declined 4.5 percent, whereas ELETROBRAS [Brazilian Electric Power Companies, Inc] itself reported an increase of 0.3 percent. That survey, he felt, had many distortions and some lags. After finishing the 1980 census and rechecking the 1975 census accounts, a new estimate could be made consistent with international recommendations, especially those of the United Nations, to evaluate the nation's industrial performance more extensively and thoroughly, according to the IBGE president.

Reliability

Jesse Montello said the new survey incorporates methodological improvements to make findings more reliable. Various improvements over the previous survey were introduced, such as: 1) increasing the number of informants from 4,000 industrial establishments to 29,000; 2) using probabilistic or random sampling, eliminating bias because the findings are independent of the person making the survey; 3) updating of weighting; and 4) introduction of new industrial products, giving greater coverage to the universe studied.

The IBGE president explained that, according to the new survey, manufacturing industry fell 6.44 percent, whereas it had previously been reported as a 9.91 decline. The minerals-extraction industry, which in the previous survey showed a 2.21 percent growth, grew only 0.19 percent according to the new one. Food products, according to the new survey, increased 5.53 percent (compared with 0.31 percent), confirming Jesse Montello's prediction that the Wage Law, in providing increased real income for those making up to three times the minimum wage, was changing the demand profile so that essential commodities and articles of mass consumption would grow more than other sectors, despite an inflationary tendency.

The drop in the automobile industry sector was 29.64 percent (not the 31.28 percent reported previously), while the sectors that showed growth were tobacco, pharmaceuticals and petroleum derivatives. All other sectors declined, the hardest-hit being products of plastic materials (down 16.41 percent), machinery (down 11.85 percent), rubber (down 16.15 percent) and transport material (down 21.42 percent).

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APRIL INFLATION RATE FALLS FOR FIRST 1982 MONTHLY DECLINE

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 6 May 82 p 32

[Text] After 3 months of successive increases (6.3 percent in January, 6.8 percent in February and 7.2 percent in March), the inflation rate fell to 5.4 percent in April, according to a report published yesterday by the research director of the Brazilian Institute of Economics of the Getulio Vargas Foundation. The cumulative increase for the January-through-April period is now 28.2 percent (compared with 30.9 percent in the same period last year), while the latest 12-month increase fell from 91.5 percent in March to 91.3 percent in April.

The Wholesale Price Index (IPA) fell from 7.1 percent to 5.5 percent (with a cumulative increase of 27.9 percent for the year and 90.4 percent in the last 12 months), with the biggest increases caused by household utilities (10.6 percent), durable consumer goods (10.2 percent), agricultural machinery, vehicles and equipment (8.5 percent) and agricultural products (8.4 percent). By product, the largest price increases were recorded by grapes (50.2 percent), Brazil nuts (37.6 percent), lemons (34.8 percent), pigskin (34.7 percent), sewing machines for household use (33.7 percent), clutch gear boxes (29.0 percent), salted and dried codfish (28.4 percent) and cheeses (28.3 percent).

The items that had the greatest percentage effect on the IPA were milk (19.4 percent), soybeans (3.8 percent), corn (3.2 percent), cotton cloth (3.1 percent), crystal sugar (3.0 percent) and grapes (2.7 percent).

Consumer Index

Another component in calculating inflation, the Consumer Price Index (IPC), increased 5.5 percent in April, the same rate as for the month of March, with a cumulative increase of 27.1 percent for the year and 94.5 percent in the last 12 months. Housing was the IPC item that increased the most (7.6 percent), followed by personal services (7.5 percent), public services (6.8 percent), health care and hygiene (5.7 percent) and household articles (5.1 percent).

Within the food category, whose overall price increase was 3.7 percent (5.1 percent in March), the largest percentage increases were those for red peppers (47.6 percent), lettuce (39.8 percent), okra (38.3 percent), onions (29.2 percent), fresh milk (26.6 percent), parmesian cheese (24.4 percent), butter (23.9 percent), spinach (22.7 percent), table cheese (20.4 percent), carrots (20.2 percent) and green

beans (20.1 percent). Individually, the largest percentage influences on food were fresh milk (9.9 percent), refined sugar (2.6 percent), lettuce (1.3 percent) and onions (1.1 percent).

The third and final component in computing inflation, the Construction Cost Index (ICC) in the city of Rio de Janeiro, increased 4.3 percent during April, compared with 12.5 percent in March. During the January-through-April period the ICC had a cumulative increase of 35.0 percent. The increase for the last 12 months was 87.4 percent.

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CSO: 3001/137

FOREIGN DEBT EXPECTED TO BE \$72.5 BILLION BY END OF 1982

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 7 May 82 p 29

[Text] Rio de Janeiro--The foreign accounts of the Brazilian economy are deteriorating rapidly, according to a preliminary survey made by the Center for Monetary and International Economic Studies of the Getulio Vargas Foundation. The study finds that Brazil's aggregate foreign debt will amount to \$72.5 billion by the end of this year, without counting the \$9 billion of short-term foreign debt.

The analysis also shows that this year 90 percent of the gross foreign funds needed is solely to pay interest on the foreign debt, compared with 62 percent in 1979. The net-debt/export ratio is also moving unfavorably, rising from 2.31 last year to 2.53 by the end of this year. The coefficient of vulnerability has risen from 32 in 1979 to 62, which clearly identifies the process of deterioration in the foreign sector, as this coefficient results from an equation in which the factors are debt service, international reserves and the ratio of imports to exports.

Balances

In making these predictions the Center for Monetary and International Economic Studies takes into account the performance of the balance of payments during the 1978 through 1982 period. For this year it predicts a trade surplus of \$2.5 billion, based upon exports of \$25.5 billion and imports of \$23 billion. These predictions, with minor differences, correspond to those made by the government, showing that every year it becomes more difficult to increase exports substantially, although the small increase in imports has been a compensating factor in our foreign accounts for 1981 and 1982.

As matters stand, Brazil's exports this year are not likely to increase more than 9 percent, from \$23.3 billion to \$25.5 billion. Imports (\$22.1 billion in 1981) should reach about \$23 billion by the end of this year, thanks to the drop in oil prices and the recessionary effects that still persist in the economy, not stimulating purchase of raw materials and inputs to rebuild industrial inventories.

The "services" item in the balance of payments is estimated at \$15.1 billion, of which \$10.6 billion is for interest and \$4.5 billion is for "Others," a heading that also includes reinvested profits. The Center for Monetary and International Economic Studies of the Getulio Vargas Foundation predicts that the current-account deficit will be \$12.6 billion, which, added to gross repayment of loans and foreign borrowing of \$7.2 billion, shows a gross need for \$19.8 billion in foreign funds to make accounts balance. This estimate is only \$800 million more than the government forecast announced by Carlos Langoni, president of the Central Bank.

CHANGES IN ELECTION RULES TO STRENGTHEN GOVERNMENT PARTY

São Paulo O ESTADO DE SAO PAULO in Portuguese 7 May 82 p 5

[Article by Carlos Chagas: "Law Will Change So Power Can Be Retained"]

[Text] Elections are only 6 months and 7 days away and no one knows how they will be conducted. Under what assumptions will the polls open? Only recently the government announced that the rules were established, wrapped up and complete, through the November package and the April "little package." Suddenly another list of changes is announced affecting the November election and establishing the most varied rules in regard to the future legislative process and institutional operation itself. The flurry of casuistic legislation from those in power proceeds, as they continue changing laws as if changing shirts. If one doesn't fit, try on another. If this one has unexpected effects, try that one. All with the specific objective of assuring the victory or moderating the defeat of their party--more precisely, to retain the nation's controls in their grasp.

Another package is announced, for delivery to Congress on Monday. In regard to this year's elections, it will increase the number of federal deputies and also extend the term of mayors, as well as allowing small parties to continue operating, even if they do not meet constitutional requirements. Moreover, as an enticement, the less important prerogatives of Congress will be restored, such as returning to the two-thirds majority needed to approve constitutional amendments; the period of time required to resign from one government office before running for another in the next election will be reduced and a partial district voting will be introduced for 1986. Each proposal embraces, besides institutional improvement (?), the need to satisfy immediate or intermediate-term interests. Will these be the final changes? Who can be sure?

Before analyzing each of the new proposals announced by Planalto Palace--in which the Political Development Council did not participate until Wednesday--the main point should be mentioned: the fact that to the government the law is but a secondary consideration, without grandeur. A matter of convenience. Sizable changes such as district voting or congressional prerogatives could never be promoted by a Congress at the end of its term and in the middle of an election campaign, especially when one knows that its successor will be much more representative and legitimate--a genuine forum for real change.

Institutions appeared to be recovered, or in the process of recovering, with repeal of AI-5 [Institutional Act No 5] and other arbitrary measures. Now that political

liberalization had begun, the least to be expected was that democratic principles from then on would be respected and defined. Happy illusion. Even without those arbitrary and extralegal measures, the attitude established 18 years ago remains. Before, the rules were changed by the sheer force of domineering power. Now the changes are made by imposing them on the congressional majority the government still retains, without the least consideration of congressional aspirations or preferences. Any problem, any new obstacle to the designs of Mt Olympus and down come the thunderbolts altering today what yesterday seemed permanent, to be followed tomorrow by effects suddenly become innocuous. The wholesale effrontery so outweighs what at retail might even be worthy of discussion because at bottom what they want is not improvement but accommodation of legal standards to their own interests.

Barring oversight, weekend reversals or discovery of ambiguities, within 3 days Planalto Palace will require Congress to approve:

(1) An increase in the number of federal deputies from 420 to 450, more or less. This is not intended to provide representation for the population that has emerged since the last election, but to benefit the PDS [Social Democratic Party], especially in the North and Northeast. Maybe another 20, 30 or 40 seats can save the official party from losing its position as the largest national party to the PMDB [Brazilian Democratic Mobilization Party].

(2) Extension of mayoral terms from 4 to 5 years, which would be comic if it were not so tragic, as this casuistic alternation has been used by the revolution since 1965: now we have municipal elections held concurrently with state and federal elections, and now we don't. Five times--and this will be the sixth--the powers that be have established and later reversed the principle. Mayoral elections on dates different from gubernatorial and congressional elections help strengthen democracy, "because the more frequently the citizen votes, the better he votes." This is true only in odd-numbered years, however, because in even years it becomes "necessary to avoid the electoral disturbances every 2 years that are a detriment to administration and a disruption to society." Thus, the elections were concurrent until 1966, but were not in 1968; they were theoretically concurrent again in 1969 but postponed until 1970, no longer concurrent in 1974 but made concurrent again by the 1977 "package"; under the same pretext the 1980 municipal elections were postponed. Now the mayors will have a 5-year term for precisely the opposite reason; that is, to avoid concurrent elections. Of course, it all boils down to maneuvers that on one occasion make municipal elections concurrent in order to offset or minimize defeat on the state and federal level and on another occasion separate them to accomplish the same purpose.

(3) Removing the requirements for continued operation of small parties. When created, these constitutional restrictions were intended to improve the party system by automatic liquidation of parties formed solely to bargain for votes at election time. There had been 13 parties in 1965 and the idea was to reduce that number, first to 2 and later to 4 or 5 of some substance and influence. The problem is that if, following the rules of the 1979 electoral reform, each party could continue functioning only if it received significant support--5 percent of the electorate, distributed over at least nine states, with a minimum of 3 percent in each of them--neither the PT [Workers Party], the PTB [Brazilian Labor Party] nor the PDT [Democratic Labor Party] would survive. Their reduced ranks would, in other words, be forced to disappear or at least not run candidates in the November election. They would all tend

to join the largest nucleus of the opposition, the PMDB. And, as defeating the PMDB is Planalto Palace's prime mission, these requirements are to be suspended, at least until 1986...

(4) Reduction of the period before which one must resign a government post in order to run for another in the upcoming election. Because of government leaders' being caught napping, as much as because of the reaction by federal deputies to manipulation of state administrative machinery by state secretaries and presidents of state companies who were candidates for the federal chamber, Congress approved the Alberico Cordeiro Amendment 2 years ago. It established a period of 9 months before elections for these persons to have resigned their previous positions and 6 months for cabinet members. The idea was, if not to eliminate competition, at least to make it less keen. The results show that many potential PDS candidates would rather not exchange certainty for uncertainty. They did not choose to run and this will hurt the party. To prevent this from happening again 4 years from now it is being retracted: the periods will be reduced to 4 and 3 months respectively, which shows the government is looking ahead.

(5) Mixed district voting for 1986, an idea supported by General Golbery do Couto e Silva for a long time. Over and above knowing whether it would improve the electoral process, it was said that it would help the government party by creating more control at the local level over federal elections: each party can present only one candidate in a given group of municipalities forming one district. Those who promise water hydrants and paved streets will be preferred over those who talk about larger issues such as the economic and social order, democratization and the end of arbitrary rule. It will deprive the opposition of its greatest potential. As the system is "mixed," a certain number of candidates will be able to run for election on a statewide basis, even though in order to do this it will be necessary to revoke the April "little package" which did away with voting by party.

(6) Restoration of the two-thirds congressional approval required for constitutional amendments. The irony of it all is that this initiative will be approved by a simple majority precisely because the government has it now and knows it will lose it after November. It occurs to one that it is intended to prevent, beginning in 1983, with the combined opposition parties holding over half the seats in the Chamber of Deputies and Senate, their being able to change the constitution, bringing about a return to direct elections for president of the republic or abolishing obstacles to the free action of the legislative branch. Brazilian constitutional tradition has always sanctioned the two-thirds majority, but in 1977, irritated by problems in imposing casualties via congressional action, then-President Ernesto Geisel, in a show of force, imposed the simple majority. As there is now a risk of this being taken over by the opposition, the remedy is to return to the two-thirds vote to avoid surprises.

(7) Certain congressional prerogatives. This is a universal aspiration, as since 1969 the legislative branch has been reduced to a position of humiliation and outrage. It cannot, according to prevailing regulations, form as many congressional investigating committees as it considers necessary, nor even get answers from the executive branch to requests for information. There are deputies and senators prevented from traveling abroad on official missions without permission from the president of the republic and prohibited from reconvening during recess, holding more than one regular session daily or having all their remarks published, to say nothing of their loss of

congressional immunity or the detestable time limit of 40 days after which any legislation proposed by the executive branch becomes law, without voting and against the will of the majority. The government's decision now to return certain prerogatives to Congress is only a smokescreen, a consolation prize that will induce congressmen to vote for the other reforms, submitted in combination with reestablishment of prerogatives. It will be only a partial restoration. The government has announced that it will not give up the time limit, although it is giving Congress a longer period to decide on its proposals, nor its privilege of making decree-laws covering almost everything. It will not permit return of full congressional immunity, because anyone speaking against the president and his cabinet or against national institutions, if the speech is considered offensive to their respective honor, will continue being liable to punishment, risking loss of his mandate without the need for permission of the chamber to which he belongs.

These are the changes of the day, the current batch of casuistries, as, despite also having been denied previously, others have been established since November. So who can be sure that something else will not occur when the president's analysts decide they are under the shadow of electoral defeat despite these things?

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CANDIDATES' TELEVISION ADDRESSES CONTINUE

Betancur Criticizes Lopez Policy

Bogota EL TIEMPO in Spanish 15 Apr 82 pp 1-A, 8-A

[Text of televised speech by Conservative Party presidential candidate Belisario Betancur, 14 April]

[Text] Good evening, fellow Colombians.

I feel very honored to be able to speak to all of you today in your homes directly, without intermediaries, so that I can tell you in simple, understandable language how I view the country's present situation, which is a delicate and, I would even say, grave one, and the problems besetting Colombians, pressing, urgent problems but problems that can be resolved.

The decision that the Colombian people are going to make next 30 May will be of far-reaching significance, having to do with the future of the entire country, the future of our families and the future of the national community, whether we are involved in it or not.

It is a very sound idea for my own fellow citizens to be hearing the platforms that we presidential candidates are offering, so that they can freely choose the best platform, the one that they feel is most valid for the country, and at the same time choose the candidate that they feel can most effectively resolve their problems.

I believe that this direct contact is a very effective method because it removes politics from the realm of irrationality and mere emotionalism.

It is not healthy for a country to have people always waving irrational and partisan banners in inviting the electorate to vote in an election. I feel that it is an affront, an insult to any human being to tell him: "Since you belong to such and such political party, you should blindly follow it; since you are with this or that political faction or leader, you should unthinkingly follow it or him." This is insulting because it means that people are expected to follow a red cape, like a fighting bull, without thinking or analyzing. It is insulting, offensive, degrading because people are being shown a blue cape, a blue banner, a blue-colored platform and just because it is blue,

they are expected to blindly follow its irrational planks without delving into the substance that lies behind these banners.

I think that it is healthy for Colombians to reflect, to analyze, to think on that historic day of 30 May.

It will be the beginning of the rest of our lives. The future begins with every instant, and we have to earn that future with tenacity and thought; I will repeat it over and over again: We must reflect on what is best for the nation. And if after reflecting my fellow countrymen find that the platform that Dr Betancur has presented to the country is not the best, they should vote against it, vote against me, defeat me at the polls, but they should do so with their thoughts on the higher interests of our country.

We have to unite and work together to resolve problems that have no political color. Gaitan said it many years ago. His words were like an erupting volcano.

The first time that I ran for public office was back in 1969, as a presidential candidate. The fact that I am again running for president is not accidental, nor is it part of a strategy. It is no trick. It goes a long way back. In 1969, of course, I was accompanied by eminent figures from the Liberal Party, such as the doughty leader of the Cauca Valley, Dr Francisco, Eladio Ramirez, Dr Alvaro Uribe Rueda, former Bogota Mayor Bernardo Gaitan Mahecha, current Public Works Minister Dr Enrique Vargas Ramirez, that great leader of the Gaitan faction, Dr Jorge Uribe Marquez, the Liberal leader from Antioquia Federico Estrada Velez; so many eminent figures from the Liberal Party paid me the honor of running along with me on that occasion.

Prominent Liberal figures are doing likewise again today, because like Gen Benjamin Herrera, they want to view our country "above the parties."

A little more than a week ago I got a big thrill at Florencia Airport in Caqueta when I was welcomed there by a Liberal Party patrician, 82-year old Anselmo Trujillo, who told me: "Dr Betancur, I'm unshaven because I was in bed. I was ill. But as soon as I found out that you were coming, I gave it some thought and realized that the country is more ill than I am. So here I am, at your disposal, to support you in this battle to enable Colombia to overcome political hatreds." And I replied: "Anselmo, say that in the public square."

And in the middle of the Florencia square he said that as a Liberal (and no one in Caqueta could question his Liberalism, given his 82 years of service to the party) he found and finds that the proposals that Belisario Betancur is making to the entire country are proposals that will bring peace and reconciliation to Colombia.

Other eminent figures in the Liberal Party are affirming this too.

Every sectarian political movement excludes those who are not in agreement with it; and if the movement is factional, it will understandably be even more exclusive. So, if we are talking about the faction of a party, the administration that that faction would head would exclude the rest of its party and other political parties as well.

And those who are excluded from any activity naturally tend to protest and destabilize, especially if they are excluded by a purely factional group, which is the case with Dr Alfonso Lopez Michelsen's candidacy, which has been put forth by the clannish Lopez faction.

In contrast, we are proposing a national movement of reconciliation, unity and pacification around which upstanding Colombians can come together, and I have pledged my honor, my word, my own capacities, my entire life to this.

This is a pact with history, a pact with loyalty. The goal is to change all of the bad things in the country's politics. The goal is to straighten out politics, to chart a new course for Colombia.

All upstanding Colombians must get involved in this. We are going to do this in the National Movement, with the new majority that the National Movement is forming, with the entire Conservative Party, with major factions of the Liberal Party, with the National Popular Alliance (ANP), with Christian Democracy and with independents, with people who do not belong to any party.

To unite and do what? To guarantee and consolidate peace. Unite and make sure that the constitution is observed, Article 120 of which talks about equitable and appropriate participation in the government by the party that comes in second in an election. Unite and make sure that this mandate, which I will strictly uphold, is carried out in a systematic, not a bureaucratic, patronage-dominated fashion, and see to it that we find concrete answers to the problems that are plaguing the Colombian people today.

Let me reiterate this: I will abide strictly by the constitution. And that is not all. Going beyond what the constitution demands of me, I will appoint a Liberal cabinet minister. I will see to it that the congressional majority appoints a leading figure from the Liberal Party as comptroller general of the republic while the comptroller's office is being replaced by an official auditing department [tribunal de cuentas] that is independent, has a fixed term, is made up of the most upright magistrates and can restore the Colombian people's confidence that the administration of public funds is beyond reproach.

I will also send a list of three names to the House of Representatives so that it can appoint an eminent figure from the Liberal Party as the nation's attorney general too.

It is not healthy, it is not a good idea for a country to have governmental oversight handled from within. It is not advisable for such supervision to be handled by the president's own party, because there is a normal, natural tendency to be lenient, to be tolerant, to fix things up among friends, among family.

How do things stand today? The minister of government belongs to the same party as the president of the republic, and so does the nation's attorney general. This is not good for the country, and the entire nation knows it.

What a fine day it will be when we again see an attorney general, an eminent figure from the Conservative Party, inform the president of the republic that he feels that the chief executive is going too far in his political activity. This happened under President Carlos Lleras Restrepo, who in a republican gesture that does him honor in the eyes of history, heeded the admonition of that great magistrate Dr Mario Aramburo.

Therefore, it is a sound practice to have the other party in charge of oversight, so that there are no excesses and so that Colombians can rest completely assured that their rights are going to be respected and guaranteed. I pledge to do this!

Unite and do what? Unite to guarantee our birthright of peace, the peace that we Colombians long for.

But, I repeat, only national unity governments can guarantee this peace. Only when the main problems plaguing the country are being tackled and resolved can this peace be guaranteed.

Let's talk about some of these problems.

A recent public opinion poll was taken on the main problems that Colombian women feel are plaguing the Colombian family. Thousands of women were asked what they thought the country's biggest problems were. Some 67 percent of them said that divorce was not, and 82 percent said that abortion was not. In contrast, their overwhelming response was that they were most concerned about: the high cost of living, which is what housewives call inflation; unemployment, which is tied in with peace of mind, with disorder, with insecurity, with breaches of the peace, because an unemployed individual is susceptible to all sorts of subversive influences. They also replied that as the core of the family, they were most concerned about education, housing and health care.

A nation is what the families of its citizens make it. In mankind's beginnings there was the individual. Then came the couple, which gave rise to families. Families joined together and gave rise to clans and communities, which in turn formed provinces and departments, and when the departments and provinces found leaders, they formed nations.

Indeed, a nation is what its families make it. If they are weak, the nation will be weak. In contrast, if the family is solid and strong, the nation will be solid and strong.

Among Colombian families' main concerns are the cost of living, unemployment, the shortage of housing, the shortage of classroom seats, health care, security and peace.

What solutions I am offering for the high cost of living, unemployment, the shortage of university openings, the unavailability of schooling, growing illiteracy, the housing shortage and insecurity?

I am going to talk about some of my proposals on these programs.

Let's begin with the high cost of living.

The administration that took office in 1974 declared an economic emergency and ordered higher taxes and interest rates and tighter restrictions.

This development model has failed.

Economic and social systems might be valid in theory, but their merit is gauged by results. A development model might be theoretically perfect, but if it yields negative results in practice, it is invalid and has to be revised.

The development model that was implemented in 1974 is the monetarist model of Professor Milton Friedman's Chicago School.

The model has failed because the results at present are high living costs, industrial stagnation, unemployment in the countryside, and 30 billion pesos in food imports last year that we used to produce here at home.

This development has failed and must be replaced. Let's take a look at why living costs are so high. Colombia's countryside produces only half of what makes up the family shopping basket, food items in other words. Why are Colombia's farms in a slump today? What's happened?

This is what has happened. We set about accumulating international reserves and not making use of them, because this lends a country prestige in the eyes of its own citizens and in the eyes of foreigners. And since the international lending agencies lend money to the nations that have money, they have loaned us money, on the basis of those reserves. When this money comes into the country, it is turned into pesos, which become part of the money supply. But since this money was used not to stimulate production but to patch up the enormous budget deficit caused by patronage, output plummeted and prices rose and have continued to rise.

So, we are importing millions and millions of pesos of foodstuffs that we used to grow here, millions of pesos that we are taking away from our peasant farmers. What is the solution? Belt-tightening in government spending, getting the economy moving again, restoring confidence to the countryside, restoring the confidence of large-, medium- and small-scale growers that the ground rules are not going to be changed on them, bringing down sky-high interest rates, but not under agreements that bankers have no reason to comply with, as we have seen happen; they must come down by government decision.

This can be done. A certain presidential candidate says that Dr Betancur's proposals are pipe dreams, that this cannot be done! That's because he belongs to a school of thought that claims "It can't be done, it can't be done." I, on the other hand, categorically assert that it can be done. I and my fellow countrymen will change the policies that have brought disaster to the country.

First of all, we will provide peasant farmers with inexpensive, timely credit without red tape. We will again make productive work a good business in the countryside, with a revamped IDEMA [Agricultural and Livestock Marketing Institute] that can guarantee just prices. Through marketing cooperatives we will bring farm products to marketplaces where housewives can buy them without a string of middlemen who push prices all too high without benefit to growers and to the detriment of families.

Secondly, we will see to it that growers get seeds, fertilizer, weed killer and fungicides at low prices. This will be through the Agrarian Credit Bank, which will have to be reorganized because it was patronage-dominated. (Last year it lost 97 percent of its capital). Under an effective Fifth Law we will provide loans to livestock groups, to all farm sector workers.

Let's talk a bit about jobs. The Chicago School model, which has failed in Colombia, has also brought very high jobless rates. Medellin, which used to be the pride of Antioquia and the entire country, has become a problem city because of the high rate of unemployment there.

Why? Because the 1974 tax reform suffocated, stifled large-, medium- and small-scale businessmen and producers. It put an end to production incentives.

On top of all this, filled with artificial euphoria over our accumulated international reserves, we started authorizing all sorts of imports, until the country turned into a sort of Persian bazaar, with caviar, champagne and luxury automobiles. We were wasting foreign exchange on trifles when we could have been using it to update our industrial plant, which was in many instances obsolete.

We have strangled our manufacturers with high interest rates, as productive work has practically become work to cover financing costs.

What is the solution? Lower interest rates. And it can be done. We must again make large-, medium- and small-scale businessmen confident that the ground rules are not going to change.

Furthermore, I pledge that there will be no new taxes for 4 years. And I pledge that we will cut the income tax burden that weighs so heavily on the shoulders of white- and blue-collar workers.

How will we be able to avoid new taxes? By freezing the payroll, by dispelling the fear of civil servants that they are going to be fired for political reasons. In fact, through an earnest Administrative Career Organization, on which there is already nationwide agreement, we will guarantee public employees that they will not be persecuted for political reasons. The payroll will not expand, however, nor will new patronage jobs be created. On the contrary, the vacancies that occur will not be filled. This will generate sizable savings that can be used for promotional investment.

At the same time we will combat the 80 billion in tax evasion, which has been partly encouraged by the speculative paper that the government itself has put into circulation (the stock certificates [titulos de participacion]), which are endorsable, thereby enabling those who ought to be paying taxes to avoid doing so.

This is how I will be able to carry out my proposal of no new taxes and at the same time do away with the double taxation on the capital and dividends of stockholders. People will thus be encouraged to reinvest. Businesses will expand. Output will rise. There will be more jobs, and with greater production, sales tax revenues will increase, thus enabling the government to attend to social projects, water supply systems, hospitals, sewage systems, schools.

Moreover, we are going to assure these large-, medium- and small-scale businessmen that the government will not create unfair competition for them by authorizing imports that can wipe them out and that are a cover for smuggling, with the natural aftermath of plant closings.

If there is productive work, then the workers who are receiving just wages will be standard-bearers of peace.

If our peasant farmers are getting timely loans through a dynamic Agrarian Bank, then they too will be allies of peace.

If through open and outreach universities we enable junior college graduates [bachilleres] to automatically take the programs of study that the country is going to need, then they too will be allies and standard-bearers of peace.

If we pursue a policy of building low-cost, down payment-free housing on a mass scale, then those who benefit from these housing projects will be allies of peace.

Every subversive movement has personal agents that pick up rifles and head for the mountains. There are also impersonal agents, however, such as malnutrition, illiteracy, unemployment, insufficient university admissions and poor health. If we thoroughly tackle these objective or impersonal agents of subversion, we can be certain that those who have taken up arms will gradually let down their guard, put away their weapons and join in the process of stabilizing our democracy.

As you can see, my fellow Colombians, these are viable, realistic proposals. We are trying to get the economy moving again. We are trying to provide stability so that large-, medium- and small-scale businessmen regain their confidence in the government. We are trying to make government the friend, not the enemy of the people. We are trying to make government the friend of the people, not a troublemaker that harasses people.

I will govern with my people, with the Colombian people. I will consult with them at all times. I will never do things behind their back.

Therefore, because problems have no political color, because there is no such thing as Conservative or Liberal hunger, because unemployment affects all kinds of people, not just some, because a business slump hits all sectors, not just business, because of all this my proposals are addressed to all Colombians. This is why they have already received the unanimous backing of the Conservative Party and the backing of broad segments of the Liberal Party, Christian Democracy, and National Popular Alliance, people without a party, independents. With this national program we can also make a national government, a government of reconciliation and peace.

What does the word national mean? National means everyone, because I want to see all of my fellow countrymen involved in this.

We will soon make a decision that will change the course of our entire country.

The symbols of the National Movement that I have the honor of heading are the flag and the national anthem. Our anthem is not a partisan anthem. Our inspiration is the philosophy of the Liberator Simon Bolivar. Our plea is for aid from the God of our country, which is the God of my ancestors and my own God. Good night.

Lopez Michelsen Attacks Betancur

Bogota EL TIEMPO in Spanish 16 Apr 82 pp 1-A, 6-A

[Text of televised speech by Liberal Party presidential candidate Alfonso Lopez Michelsen, 15 April]

[Text] In a public reply to the proposals of Conservative candidate Belisario Betancur, former President Alfonso Lopez Michelsen said that he, in contrast, is offering the country more realistic and more imperative things.

"I don't know what Dr Betancur really thinks; either he is not familiar enough with Colombia's problems, or he does not know his fellow countrymen and their ability to judge critically well enough," commented the Liberal candidate in reference to Betancur's proposals.

In his address last night on national television channels, Lopez Michelsen asked: "Why give people false hopes of houses without down payments, why give false hopes to junior college graduates, many of whom are aiming for the careers that I have mentioned, by making them think that their diploma is enough to get them into a university? I think that we have to be honest with people."

Good evening, television audience.

I would like to begin by making a confession. I would have preferred to appear before the TV cameras along with my opponents so that the public could hear a debate among the presidential candidates, as is done in the United States and as was done recently in France by Mr Giscard d'Estaing and Mr Mitterrand. I do not think that an individual presentation can be as lively or arouse the same kind of interest as a debate, especially in the case of individuals who, like me, are more fond of dialog than monolog.

I would have preferred a debate, which I can no doubt have in private or, rather, behind closed doors. We were not allowed, however, to televise one. I would like to have one so that I could pose a series of questions to candidate Betancur, my real opponent in this campaign.

I would first ask him to explain to the Colombian people how he plans to solve our housing problem by providing homes without down payments.

I know that the housing problem is one of the most serious in contemporary Colombian society. Furthermore, it has played a major role in these elections, in the sense that those who offer housing solutions often win the support of voters. But it is not fair for a person to come before the public and make frivolous, superficial and flippant proposals which, when compared with the numbers, and not just any numbers, but with numbers that I have gotten from the Institute of Territorial Credit, turn out to be unachievable goals.

I don't know what Dr Betancur really thinks; either he is not familiar enough with Colombia's problems or he does not know his fellow countrymen and their ability to judge critically well enough.

I have heard, for example, how in his speeches he periodically states that I am in favor of legalizing abortion. What he is doing is mixing up a fact, which is that I am advocating that the Colombian Government recover its jurisdiction over the civil effects of a marriage in the case of a Catholic marriage (it already has jurisdiction in the case of a civil marriage), with a proposal that I have never made, legalized abortion, which I have opposed since 1971, when it was not yet an issue in Colombia or even in Europe, just in Sweden.

Later, my justice minister, Dr Samuel Hoyos Arango, looked into the issue and expressed the administration's opposition to abortion. Finally, when we drafted the preamble for the Liberal Forum, as I have mentioned, one of the members of the Liberal Board at the time wanted to include the issue in our discussions of the Liberal Party's platform, but all the rest of us were against it, and abortion was never included as an issue in the Liberal Party's current platform.

But what I want to talk specifically about here is the problem of housing without down payment. The housing problem in Colombia is extremely serious. For some time now there has been a shortfall of 850,000 housing units, and the public and private sectors combined are currently building just 100,000 units nationwide. This is certainly a modest effort in light of the enormous shortage. What is more, the demand for housing cannot be met even when people can put money down. For example, in January of this year there were 79,000 requests for housing in the cities of Bogota, Barranquilla, Medellin and Bucaramanga, housing costing between 820,000 and 1.1 million pesos, and these requests went unmet even with a down payment, because housing construction in Colombia is insufficient. Some 70,000 persons were in this position, a far from insignificant number.

What would it be like when such requests can be submitted not with but without a down payment, as Dr Betancur is promoting? There would be 200,000, not 79,000 unmet requests.

I can thus see something here that Colombians have not paid enough attention to: the contradiction, at least on paper, between the program of the Conservative Party, as drafted by its thinkers, and Dr Betancur's program. As you have all heard in his radio spots, Dr Betancur has begun offering homes to all Colombians without a down payment, whereas the Conservative Party's platform says something quite different: it will look into the possibility of reducing or eliminating the down payment. In other words, when Dr Belisario Betancur had already given his word about this, his own party was still studying the matter, which means that the matter had not and has not been looked into. And I am not saying this lightly. There is a shortage of 850,000 homes. Of these 850,000, 640,000 are for the lower-income classes, and 640,000 housing units would cost 240 billion pesos.

How does this compare with the budget of the Institute of Territorial Credit? Its budget during the 4 years of the Turbay administration has been 20 billion pesos; during my administration it was 10 billion pesos, and under the Pastrana administration it was about 4 billion.

How are budgets like the ones I have just mentioned for 4-year terms going to cope with a demand of 200,000 housing units in a single year because of the announcement that they are available without down payment?

So, I would ask him to explain frankly and clearly in his next television address or when we meet in some forum, to explain to the Colombian people where the Institute of Territorial Credit, which has received a maximum of 5 billion pesos a year, is going to get the money to meet a housing demand that is going to require around 32 billion pesos a year as of the second year.

I think that a person would be better advised to say "it will be looked into," as the Conservative Party's ideologists have done, rather than to rashly and groundlessly offer such arrangements.

However, it is not just his stand on down payments that demonstrates ignorance of the magnitude of the problem, because getting the money is not the only problem; we also need the materials to build 200,000 housing units, instead of the 100,000 a year that are currently going up.

Where are these construction materials suddenly going to come from? Where are we going to get the cement, the bricks, the sand, the lumber, to meet the demand that he plans to unleash so suddenly? Where are we even going to get the manpower to implement this solution?

The problem does not boil down to just economics. It involves having the facilities to construct housing without triggering a major bout of inflation. Dr Betancur often says, describing himself, that he thinks it can be done and that he will venture it. I am very afraid for Colombians that if he ventures this, he will trigger a major outbreak of inflation.

The same thing goes for when he talks about the outreach university or the open university, which are classes over radio and television, something similar to Father Salcedo's solution for illiteracy in Colombia. Such a system is, of course, within the reach of many people, and it has been tried in countries like England and Venezuela after many studies. But it does not work for all fields of study. You can study some subjects in the humanities, like law, philosophy, sociology or anthropology by correspondence, by radio or with a video recorder, even through newspaper articles, as was done recently in California. But I do not think that you can study medicine by mail or over the radio or study the strength of materials or chemistry without a laboratory, just listening to the radio or watching a video recorder. Furthermore, I think that Dr Betancur was being unrealistic when in another radio spot he offered university admission to all junior college graduates. About 180,000 students graduate from junior college every year in Colombia, and there is room for about 100,000 in universities.

Why do they all have to get doctor's degrees, and probably during the first few years in subjects that our nation has no need for at present? What we need are people with the know-how to solve our energy problems, to build dams, to find our underground resources and to provide health care, as I mentioned a few minutes ago. All of these fields of study require laboratory facilities and involve experimentation

processes that would no doubt take a long time to develop. In the meantime, the challenge would be to find jobs for the professionals who cannot fill the posts that Colombian society needs filled. This would be more logical. I do not, however, look down on the idea of the outreach university, which, in fact, was envisaged in the 1980 University reform as a complement to higher education in certain, but not all fields.

Why give people false hopes of houses without down payments, why give false hopes to junior college graduates, many of whom are aiming for the careers that I have mentioned, by making them think that their diploma is enough to get them into a university? I think that we have to be honest with people. I think that we cannot take the stand that everything is possible, that everything is attainable, that to believe otherwise is to lack courage. I think that we have to look at the numbers and determine what is realistic.

Who does not realize that we need homes and that we need professionals in certain fields? But this does not mean that we can, as if by magic, come up with a solution overnight.

In another vein, Dr Belisario Betancur has talked about a national government, stating that to guarantee one he would appoint three members of the opposition party to his administration: the minister of government, the attorney general and the comptroller. This was something that I tried to do, not on my own initiative to curry favor with certain Conservative factions, as NUEVA FRONTERA periodically says, but in response to a suggestion by President Pastrana in 1973. He proposed to the candidates at the time that so as not to shatter the National Front too suddenly, that they give these three posts to the opposition party. I accepted and implemented the proposal. Dr Alvaro Gomez did not accept it. I appointed the government minister in a decree. I kept my word in the case of the attorney general, because I submitted a list of three nominees none of whom was a Liberal. I could not honor the proposal in the case of the comptroller general, because the House of Representatives, not the president, appoints him. There were those who quickly claimed that I had made a commitment without the backing of my party, which was not true. But it sparked the ambitions of certain Liberal leaders, who as a result of their majority showing in the 1974 elections, declared themselves candidates for the post of comptroller general, and one of them was elected.

Dr Betancur cannot claim that his proposal is anything new because I offered to do as much too, and he won't be able to appoint all three either, because the Conservative Party is not in the majority in the House. All he can do is appoint the minister of government and send a list of three opposition party nominees for attorney general. There is nothing new here. This cannot be described as a hallmark of a national government.

There is nothing innovative either about giving an appropriate and equitable role to the party that comes in second in the elections, as the constitution calls for. The National Constitution provides for this in a great many aspects. The question that I am going to ask has to do with something else. It has to do with a simple analysis, not partisan politics. Since the results of the congressional elections in 1978, when this article took effect, and 1982 were so similar, how can appropriate and equitable mean one thing then and another now? If by virtue of the Liberal majority in 1978 seven ministries for the Liberal party and five ministries for the Conservative Party was appropriate and equitable, then in the hypothetical event that Dr Belisario Betancur becomes president in 1982, he cannot, given the same vote count, appoint seven Conservative ministers and five Liberal ministers, because he would be ignoring the strength of the parties in the Senate and House elections, which are decisive in this case, especially since he is running not as the candidate of a single party but as the candidate of several parties that did not field candidates in the congressional elections and whose strength is an unknown quantity.

I am offering the country more realistic and more imperative things, although of course people's imperative needs are impossible to ascertain. But we can look into the feasibility of certain things, which Dr Betancur has not bothered to do in his proposals.

One example is the construction of the Puerto Wilches railway to transport coal from Boyaca and Cundinamarca to the Lower Magdalena and to colonize and civilize the Carare region, which has been in the clutches of violence for many years now, precisely because of the backward conditions in which its inhabitants are living.

Also, after visiting the Magdalena River, examining its problems and studying the conclusions of the Dutch mission, how can we not consider the possibility of controlling its floods by completing, with the help of international loans, work on dams in what is called the river's marshy zone, in other words, from Barrancabermeja to Barranquilla. Moreover, along the southern section of the Magdalena River we should tap the power that is available there by building dams that while not as ambitious as Honda, which would be enormously expensive because of the type of terrain flooded, would meet our hydroelectric power needs to a small extent. Above all, however, we would be helping to meet an unquestionable national need, the reclamation of 800,000 hectares north of Barrancabermeja that are under water for part of the year and that could be used for agriculture; in fact, they would account for one-fifth of Colombia's acreage.

All of these things are realistic and ambitious. No one can come and give me lessons about what can and cannot be done. In my series of speeches I will outline programs that, if we achieve peace, will enable us to look forward to the future optimistically and to continue the growth that we have been achieving over the past 8 years, with

all of the problems that growth involves but with all of its advantages too. And those who are going to govern Colombia will pledge to manage this growth, to guide it, to set a course for it that will not damage the Colombian nation socially or morally.

In connection with these new projects, I would like to point out that just 2 days ago we inaugurated a mint in Ibague that will coin Colombian currency and export to the Andean Pact countries. It cost 1.3 billion pesos, but it was a realistic project. The proof is that it is in operation. Another example is the Convention Center that was completed a month ago in Cartagena and where the Inter-American Development Bank met. It cost 3 billion pesos.

I am not talking about fear of spending, fear of big numbers. I am talking about fear of lapsing into unrealistic views, into populism.

I am not afraid of spending money. Under my administration Colombia launched a satellite, which cost more than \$100 million, to exponentially increase its communications capabilities here and overseas. And I am having a study done on the World Soccer Cup to see whether we have the capacity to stage this event, because we are living in a new dimension.

It is one thing, however, to acknowledge the existence of this new dimension and another to commit oneself on the basis of gossip and things one hears at parties, without looking into them, and taking advantage of the Colombian people's needs and anxieties to garner their votes.

I am not afraid of austerity, I am not afraid of lavish spending; I am afraid of what is unrealistic, utopian, illusory.

I invite all Colombians but especially my fellow Liberals to perform an act of faith in Colombia, an act of faith in the possibility of achieving peace, as 80 or 90 percent of our fellow citizens perceive it. This act of faith should take the form of a large voter turnout that will indicate better than any privately conducted opinion poll what the Colombian people want this coming 30 May.

Thank you very much and a very good night to all those who have been patient enough to listen to me.

8743

CSO: 3010/1473

BUSINESSMEN COMMENT ON U.S. DEPORTATION OF ILLEGALS

Mexico City EXCELSIOR in Spanish 29 Apr 82 pp 1-A, 18-A, 30-A

[Article by J. Jesus Rangel M.]

[Excerpt] The deportation of Mexican workers by the United States will aggravate the country's economic problems, and this attitude could lead to greater tension in the trade negotiations between the two governments.

This was asserted yesterday by Manuel J. Clouthier, president of the Coordinating Business Council (CCE); Ignacio Barragan de Palacio, president of the National Association of the Processing Industry (CANACINTRA); and Ernesto Rubio del Cueto, president of the Mexican-United States Chamber of Commerce.

They rejected the notion that this move by the United States is not designed to pressure the Mexican Government, and stated that obviously the country will suffer more serious employment problems due to the current economic situation.

The business leaders also stated that it is necessary to cut spending in all sectors to overcome present economic problems, and that an objective analysis of problems, "with our feet solidly on the ground," will prevent violent reactions.

Interviewed before the opening of the Eighth National Industrial Congress, the three stressed that the deportation of undocumented workers will exacerbate the country's problems, and that an adequate solution must be found.

Ernesto Rubio del Cueto indicated that the prospects for bilateral trade between Mexico and the United States are dim, but national exporters should make a greater effort to promote sales abroad that will create more jobs.

United States Must Recognize Our Needs

He stated that it is important for the United States to recognize our development needs in order to make room for "the increasing number of Mexicans who need skilled jobs. This year will be another key year in bilateral trade relations."

Concerning the impact of the U.S. Operation Jobs on trade negotiations, he said: "The effect is important, but it is not tied to the negotiations."

He acknowledged that there could be tensions, but they would not prevent agreements from being reached in the trade negotiations. "We are seeking a more harmonious relationship, and the recognition of the policies Mexico is pursuing and must maintain in order to promote its development so that social justice can reach a greater number of Mexicans."

Manuel J. Clouthier emphasized that the state should direct the economy, but it is the private sector that should draw up plans. "The state should encourage us to grow freely, but responsibly."

He stated that what the country needs is a more free and responsible population, that there should be more talk of responsibilities than of rights in Mexico, and that dialog should be valued increasingly.

The CCE leader indicated that the deportation of Mexicans by the United States will aggravate the economic situation, and said that the reason for this situation is that "we spent more than we had. Now we must use our heads and as objectively as possible try to resolve our problems in the best way."

Ignacio Barragan mentioned that the federal government has taken a minimal role in the solution of business problems, and that "we need more and better support, and above all, adaptation to the new circumstances of the economy. The stimulus program offered by the federal government must be reworked."

Regarding undocumented workers, he said that from the United States' point of view, it has every right to resort to deportation. However, "it is doing so at a difficult time for the national economy."

He added, "We must make the greatest of efforts to increase productivity and to overcome the stagnation in employment; we must also learn how to put the undocumented workers to work without affecting the jobs we have generated so far."

Alfonso Pandal Graf, president of the Confederation of Industrial Chambers (CONCAMIN), stated that there is confidence that the proper management of the situation by the authorities, and the solidarity of all sectors, will keep the impact of the deportation to a minimum in the national economy, although there will be employment pressures."

8926

CSO: 3010/1491

DISRUPTION OF PSUM, PST RALLY CHARGED

Mexico City EL DIA in Spanish 29 Apr 82 'Metropoli' Supplement p 3

[Article by Margarita Hurtado]

[Text] The administrative delegate in Magdalena Contreras, Roberto Madrazo Pintado, used police forces to prevent candidates for the Chamber of Deputies of the Socialist Workers Party (PST) and Unified Socialist Party of Mexico (PSUM) from holding a campaign rally in neighborhoods of this district.

METROPOLI learned of this incident from candidates Javier Farrera and Agustin Fernandez Aguirre, who are running for the seat of the 38th Electoral District. They maintain that this is the second time that official has behaved in this manner.

Among the people who were dispersed by police, reported those who disagree with Madrazo Pintado's attitude, were innumerable people from the poor neighborhoods of the Contreras and Alvaro Obregon delegations, as well as "ejido" members of San Bernabe Ocotepec.

These people, along with the candidates, tried to hold a public protest because the Magdalena Contreras authorities have not consulted them when undertaking a major restructuring of streets as well as traffic control, which affects them directly.

Furthermore, the organizations whose names appear on the margin of the accusation given to this publication, state: "We cannot allow minor officials to continue assaulting civil rights with impunity."

They demand that the Secretariat of the Interior and the Federal Electoral Commission provide a satisfactory explanation of the events that took place yesterday in the Magdalena Contreras area. They also demand that measures be taken to ensure unlimited respect for the actions of residents and political parties in that delegation.

8926

CSO: 3010/1491

BANAMEX OFFICIAL APPRAISES ECONOMY

Mexico City PROCESO in Spanish 19 Apr 82 pp 8-9

[Article by Maria Cortina and Juan A. Zuniga]

[Text] In private, only for the ears of some members of the British Chamber of Commerce (and in English, of course), Don Agustin Legorreta Chauvet, chairman of the Banamex Board of Directors (the second most important financial consortium in the country) and a member of the Bank of Mexico Board of Directors, presented his view of the current economic situation:

"The most serious mistake we made was the overvaluation of the peso."

"Open unemployment is now part of the past."

"I could almost go so far as to say that we will never be self-sufficient in food."

The flight of foreign currency "is an element that has always been present, and will be recurrent in the Mexican economy."

"The problems of the external sector cannot be alleviated by increasing exports in the short term."

On Wednesday, 14 April at the University Club, about 50 British businessmen working in Mexico came to hear the opinion of "one of the most prominent figures in Mexican finance" regarding "Industrial Financing in Mexico."

Don Agustin Legorreta was present as a speaker, and one of the conditions he imposed on his hosts was that "he would not talk if any member of the press was present." The meeting was even held in a small annex of the Terraza Room of that exclusive club, where it was originally scheduled.

Another condition imposed by the speaker was that the talk would be exclusively in English.

The press was absent, the talk was "strictly in private," and of course, "exclusively in English."

Before the British businessmen, whose press has been the most pessimistic of all in the past 2 months about the economic future of Mexico, Don Agustin Legorreta appeared as a genuine promoter of foreign investment in the country.

He outlined the general and particular situation of the country's economic progress. "First I will focus on the issue of petroleum. From a previous total of 600,000 to 700,000 barrels per day, we now produce 1.7 million barrels per day. . . Instead of spending 500 million barrels a year to import oil, we receive income from sales abroad."

"In a year or a year and a half, in many areas of basic petrochemical products, we will be playing a major role on the international market. In some fields, our export capacity will be such that we will have a significant impact. We are also optimistic about the secondary petrochemical field."

Later, Legorreta mentioned the performance of domestic savings:

"In recent years domestic savings have grown at a greater rate than inflation, so we have had a real growth in savings in banks. This item has also grown in terms of its percentage of the Gross National Product in recent years. This year, despite the bad situation, bank loans have not been so bad. If we look at domestic savings as a percentage of the GNP, we find that we are somewhere between Japan, the biggest saver in the world, and the United States."

Speaking softly and slowly, Legorreta intoned: "In social terms, which often cannot be measured, we have also made important strides." Then he addressed the issue of unemployment.

"We have created nearly 5 million new jobs during this 6-year term. What does this mean? That open unemployment is no longer an element of the Mexican economy. We do indeed have unemployment in some areas of the country. But open unemployment is now part of the past."

"We can say that these jobs are not all as productive as they could be. We can also say that there is still covert unemployment, but open unemployment has disappeared; and when I say that it has disappeared, I am not just referring to unemployment in the skilled labor sectors, but also to unskilled labor."

An able executive, Legorreta made every effort to convince his audience of Mexico's positive features.

"If we compare all the bad things I have pointed out with the good ones I have mentioned, I personally feel that the balance is positive."

Although the meeting was scheduled for 1330 hours, the talk began at around 1500 hours, in a rather subdued, almost serious atmosphere, with the exception of a few moments when isolated laughter interrupted the formality of the event. Although it was a private affair, the invitations that were sent

stated: "It is essential that you reserve seating for this event; tickets are available at the Chamber offices. . . For members, the price is 600 pesos per person plus IVA, and for non-members it is 800 pesos plus IVA."

Legorreta was persuasive: "It is true that things have not turned out as we planned, but if we bear in mind that oil prices have been at this level for only 7 years, we have come a long way. If we had high oil prices for 25 years, we would expect more. But we must take into account the problems Mexico has faced and the time it has had to resolve them since 1976.

"I think the country will have to go through a bad period for the next 8 or 9 months, but after that, we will look back and appreciate the good future Mexico has before it."

Essential to any economic analysis, the agriculture situation was also addressed by Legorreta:

"In the past few years we have had an agricultural growth rate higher than the population growth rate. However, I think we are still far from becoming self-sufficient. I could almost go so far as to say that we will never be self-sufficient.

"This is for a very simple reason, that Mexico is not an agricultural country, unless we can bring water down from the large lakes of Canada. This was one of the errors we committed 25 years ago, when we launched the irrigation projects and thought that through the 'Green Revolution' and irrigation programs we could become an agricultural nation. But that is not so. We are a country of mountains, deserts and swamps. We have livestock; we can produce fruits and vegetables; but I don't think we can be self-sufficient."

In impeccable English, and speaking very carefully--perhaps too much so--Legorreta finished his speech and held a brief question and answer session.

A British businessman dressed in an "Oxford gray" cashmere suit, began the session:

"With respect to domestic savings, to what extent have they been used for productive activity, or have they been used rather for speculating with the dollar?"

Calmly, Don Agustin Legorreta answered: "This is an element that has always been present, and will be recurrent in the Mexican economy, because like any other open economy, there is a lot of domestic savings that goes abroad simply because the saver may feel at a given time that his money is safer in dollars."

Another question followed in the voice of another member of the audience: "Isn't it true that there is really widespread unemployment in the country? Could that bring about social unrest?"

"There is no widespread problem of unemployment, but we will have to go through difficult periods which we will have to come to grips with in the

next 3 years. There will be low growth rates, around 3 or 4 percent. But even at that, we will be in better shape than many other economies of the world. One of the consequences of this will be, certainly, that we will not be able to employ the same number of workers as we have in recent years."

Toward the end of the event, Don Agustin Legorreta was asked about the prospects of the upcoming administration. He answered thus: "Miguel de la Madrid and Lopez Portillo are both good friends of mine, and they have only to close the economy to alleviate the problems of the external sector. The problems of this sector cannot be solved by increasing exports in the short term, because this country does not have the capacity to do so. Therefore, the economy will have to be closed and imports will have to be curbed."

At exactly 1600 hours, the event came to a conclusion, having been conducted in private, in English and with hardly any press coverage. . .

8926

CSO: 3010/1491

POLITICAL SKETCH OF CARLOS JONGUITUD BARRIOS

Mexico City PROCESO in Spanish 12 Apr 82 pp 17-19

[Article by Jose Reveles]

[Text] San Luis Potosi--A professor and lawyer, governor and lifetime leader of the nation's teachers, Carlos Jonguitud Barrios is a great builder of projects entrusted to his followers; he administers public funds almost in absentia, through his son-in-law and his friends; he is building an elegant country home worth some 35 million pesos; and he has been defender, judge and litigant in the repression of the teachers of San Luis Potosi.

Jonguitud's transfer of labor authoritarianism to the workings of state government has begun to generate an opposition not seen in San Luis Potosi since the bayonets were used 20 years ago to shore up some candidate's position.

There is a "teachocracy" in the key posts of San Luis Potosi:

Teachers in public office include the secretary general of government, J. Refugio Araujo del Angel; the deputies who are taking the reins of power of the Institutional Revolutionary Party (PRI) in Congress, Roberto Gamez Ramos "El Gato," and Roman Gonzalez Ayala "El Kaliman;" Helios Barragan Lopez, president of the state PRI and a candidate for a federal deputy seat; Guillermo Cruz Barcenaz, first secretary of finance of the state, and today a delegate from Planning and Budget; Gamez Ramos is also head of the National Confederation of Popular Organizations (CNOP) in San Luis; Antonio Almazan Cardenas is secretary of education and social services, and also runs the Mexican Rural Television office.

A less serious accusation that is made of Jonguitud Barrios (who never lived in San Luis Potosi after his pre-school years) is that he is always disinterested in state affairs:

He spends more time in Mexico City than in the jurisdiction he is supposed to govern; he devotes more time and dedication to his business as lifetime president of the "Revolutionary Vanguard" (that corporate entity that is

parallel to the National Union of Educational Workers (SNTE) but actually dominates and manipulates it) than to the management of the affairs of San Luis Potosi.

But the physical absence of "Prof" Jonguitud is not contradicted by the very active presence of his interests.

"The key posts of public responsibility have been held by associates and relatives of the governor who, far from serving the public, have devoted themselves to profiting from the public institutions under their charge," claims the Potosi Civic Front in a statement it had published on Tuesday 23 March, the day when PRI candidate Miguel de la Madrid arrived in San Luis Potosi.

It appears that Jonguitud has no faith in his fellow Potosians. The offices that involve the handling of money are all held by his allies, most of them members of what is known here as the "Foreign Legion."

Eibar Castilla, Jonguitud's son-in-law, is the state treasurer; not a penny of the 1.895 billion pesos in the 1982 budget can be spent without his authorization.

The federal programs of the Rural Development Investment Program (PIDER) have allotted 650 million pesos to San Luis this year. The representative is Javier Hernandez Espejel, Eibar's "compadre."

The federal allocation to the Single Pact for Federation-State Cooperation (CUTE) totals 550 million pesos, and is channeled through the office headed by Jorge Ortiz Monasterio. The one who supervises all this is Professor Cruz Barcenas, in Planning and Budget. Since his days at the Institute of Social Security and Services for Government Workers (ISSSTE), he has worked very closely with the governor.

Perhaps because of that lack of faith, there are public works projects that have been contracted out to building firms from Mexico City, such as Churubusco; a recently formed subsidiary is in charge of the huge Tamazunchale Boulevard project. Another new construction firm is developing part of the land expropriated for the great park and residential area of Tangamanga, on the outskirts of San Luis. Dr Diaz, Jonguitud's private physician, appears to be the owner of that firm.

It is not a bad business: 500 hectares were expropriated. Of that, 420 hectares will consist of a common and a recreational park; more than 70 hectares will be divided into lots that will sell for a total of more than a billion pesos, which in turn will be used to finance the recreational center.

No More Trusteeships

Carlos Jonguitud uprooted a tradition founded nearly 15 years ago by the Antonio Rocha Cordero Administration: trusteeships in the planning and

execution of public works. These trusteeships were autonomous, except in terms of budget allotments and the supervision of spending.

After strong political agitation, jailings, deaths, and the dismantling of the Gonzalo N. Santos machine, Potosi society wanted nothing more to do with the Manuel Lopez Davila Administration. The wounds of the repression were still too fresh. Rocha Cordero began the reconciliation; he came up with the idea of trusteeships as one way of enabling citizens to participate in the workings of government.

The following administration, that of Guillermo Fonseca Alvarez, maintained the custom of trusteeships. It is well known, however, that Fonseca began to put his own people in charge of money management.

Inspired by the warmth of the toasts at a luncheon with representatives of private enterprise, Carlos Jonguitud named a Trusteeship Coordinating Council, but it was a farce. It has never met, nor has it been entrusted with any project. It was supposed to be chaired by Roberto Garcia Maldonado, a chewing gum magnate and a high official with Bancomer, on a national scale.

Jonguitud realized his error in putting trusteeships back into motion. He could run, without interference, all the projects in San Luis Potosi: the 600 million pesos earmarked for that purpose by his own government, the 650 million from PIDER, and the 550 million from CUFE, all would be controlled by him, and he found the perfect justification:

"It would be very easy for me to sit back and watch others work for the government."

The Potosi Civic Front had this to say in its statement: "The present administration, when it first took office, formed a Trusteeship Coordinating Council. Inexplicably, it has never been called upon to perform its functions; projects are being carried out at this time without any participation by the citizenry. Could it be that this council represents an attempt to cover up the mismanagement of public funds?"

No doubt Jonguitud wants his memory to live on in the Tangamanga project, whose cost will be about equal to the 1981 state budget, if no trusteeship intervenes there, much less in the construction of the governor's mansion, which is to cover nearly 6,000 square meters and will be located on Avenida Montanas Rocallosas in the Cumbres tract, at a cost of more than 35 million pesos.

Drawing inspiration from Los Pinos, the mansion itself will cover 2,000 meters, and will contain a work area that will include offices, meeting rooms and a library, all finished with fine wood paneling. Aside from the residential area, there will also be a garden of some 4,000 meters, a swimming pool, sports areas and other amenities. The front gate alone, to be made of hand-carved fine wood, is to cost an estimated half a million pesos. In over 2 years, the project has not been finished yet.

That residence has nothing to do with the one Professor Carlos Jonguitud purchased for the days he spends in San Luis. Located at 2005 Avenida Carranza, it cost him 12 million pesos when he bought it from the Diaz de Leon family.

Machinery Business

A year ago the governor's son-in-law imported 21 well-drilling machines with 200 million pesos he borrowed from the Federation. Other purchases included 38 machines (bulldozers, motor graders, and others) valued at 187 million pesos, for "subsoils," dykes, dams and earth grading.

The equipment was left abandoned for nearly 4 months beside the bus depot for lack of operators. Afterwards, little is known of how it was used. In the second report, issued on 26 September 1981, Jonguitud stated: "We used six machines on highway projects, desilting and grading in the Tangamanga recreational park."

It was promised that one well per day would be drilled in the final months of 1981, to reach a total of 100 by the end of the year. Secretary of Economic Development Guillermo Oscar Varona Rodriguez acknowledged 2 weeks ago that "it will be very difficult to reach the goal that was set."

He noted that the delays in the schedule of one well per day are due to the lack of personnel, the difficulties in hiring drillers, assistants and welders. "We will succeed, without a doubt, in obtaining the necessary personnel," said Varona, more than 10 months after the drilling equipment was bought.

Varona has put his father in charge of the machinery; other relatives of his also appear on the payroll.

"The machinery, which was appraised at 187 million pesos, is rebuilt, and did not cost even 100 million," says Salomon H. Rangel, a National Action Party (PAN) senatorial candidate.

He also claims that in the construction of the Tangamanga Park the best land was saved for development, and the water will have to be brought in with pumps that were not even worth 10 million pesos, although they were appraised at 45 million.

One thing Potosians will not forgive their present governor for is the flagrant lies he has told, and his protection of delinquent officials.

Jonguitud's bodyguard, Miguel Angel Illescas, has still not been punished for killing a young apprentice architect, Porfirio Valadez Regalado, in an incident at a discotheque 2 years ago. Jonguitud first denied even knowing the murderer. Later, a local newspaper published pictures in which Illescas appeared next to the then governor-elect, at various public functions. Finally, Jonguitud had to admit his lie, but Illescas remains free.

Much has already been written about the manipulation and railroading of the students in the schools of San Luis Potosi on the occasion of candidate De la Madrid's visit. In one of the most recent attempts to have a public gathering during the school "festival," some 80 minors had to be treated at first aid stations after suffering from sunstroke and dehydration. The governor attacked those who launched a scandal and insulted his administration "over a dozen sunstroke victims." Photographs from the local press disputed his figure, showing many dozens of children lying on the ground. To make matters worse, a week after the PRI candidate left San Luis Potosi, the state government revived the controversy by manipulating small groups of parents and teachers in order to carry out the "festival" no matter what, to give the impression that it was not a matter of electoral opportunism.

Addressing De la Madrid, the members of the Potosi Civic Front said on 23 March: "Another of your basic propositions is moral renovation to combat corruption. If you are elected, we would like you to begin that campaign with the people who are responsible for the terrible condition that exists in our state."

Potosi society is alarmed by a series of irregularities in the administration of justice. Here are a few examples:

Some famous criminals, the Garcia Ramirez brothers, better known by the nickname "Las Coyotas," were being held in the State Penitentiary, but all of a sudden they were no longer there. Alfonso Galan Rodriguez, director of the prison, told journalists that the convicts "had been transferred to Guanajuato." The matter was investigated, and there was no sign of the prisoners in either Leon or Guanajuato.

More than 4 years ago the Garcia Ramirez brothers murdered three judicial agents who were pursuing them because they were known to be cattle rustlers.

The sentence for aggravated homicide, discharging a firearm, assault in a deserted place, battery and resisting arrest, added up to more than 15 years in prison.

It is believed that the murderers were freed after the payment of a large sum of money. Another suspicion is much more serious: that they "disappeared" for refusing to take part in the investigations of drug trafficking within the penitentiary, which are being directed by Galan Rodriguez himself.

That is just one case among many that have been reported in recent months. A prisoner known as "La Hormiga Atomica" [The Atomic Ant] had his picture taken as he joined the prison director in singing "Las Mananitas" to the governor's wife on her saint's day. He was supposed to be in prison, like the two bodyguards that accompany Galan everywhere he goes; and like two individuals who were arrested for causing scandals in night clubs, and were discovered to have no reason for being out of prison.

Education: Everything Under Control

At the first sign of opposition in Section 52 of the SNTE (the state teachers of San Luis Potosi, the federal teachers being in Section 26), severe repressive measures were imposed on the members of that association, which is governed by one teacher.

The possibilities for dialog having been exhausted, the teachers published statements and held rallies demanding economic benefits and democracy in their professional association. On 12 December 1979, they wrote him: "We face a dilemma in writing you . . . because we do not know whether to write you as governor or as our union representative; nonetheless, we would like to tell you in both capacities (since in your usual shrewdness you have managed to combine them) that in Section 52, which includes the workers of the state educational system, you will no longer find fertile ground to sow the seed of disunity and discord. . ."

But Jonguitud did succeed in dividing the section, at first. The "Revolutionary Vanguard" organized a spurious congress in Tamazunchale, and named a secretary general of the section. The latter never even got into the SNTE building, the repudiation of him was so widespread and vigorous. The national leaders of the SNTE had to intervene and send Professor Ignacio Langarica as a delegate (Langarica is a federal deputy from Nayarit, a candidate for alternate senator, and secretary of labor and post-primary conflicts in the union). Next May--2½ years after the conflict--a new congress and new elections will be held. At the time, 14 teachers were suspended, two leaders were stripped of their union rights, changes were made in assignments, and other repressive measures were taken against those teachers who did not adhere to the directives of the "Vanguard." Loyal followers are rewarded politically and administratively.

As for the University, a review of the careers of the most recent rectors is sufficient to indicate the political slant it has taken.

When Dr J. Jesus Noyola left the position to become a senator, his secretary general, Guillermo Medina de los Santos, took over as rector. Medina bequeathed the position to his secretary general, Roberto Leyva Torres (Medina is now a federal deputy), whose secretary general was Guillermo Delgado Robles. The latter is now rector, and has strong aspirations to become a federal deputy or senator. But in the end, despite his open support for PRI, he was not nominated. Leyva Torres, on the other hand, did become a federal deputy and is now attorney general of San Luis Potosi.

Medina de los Santos and Guillermo Delgado were both leaders of the state Trusteeship Center before becoming rector.

Everything appears to be under control, but in the three previous 6-year terms, there were not so many public protests or manifestations of civil disobedience, which had lain dormant since the early sixties.

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UNFAVORABLE POSITION OF NATIONAL INDUSTRY UNDERLINED

Asuncion LA TRIBUNA in Spanish 28 Feb 82 pp 2-3

[Text] The growing disadvantage of national industry as a result of the introduction of foreign goods, especially from Brazil, in the field of machinery and equipment in general, poses a major challenge to the government, which wants to encourage this sector of local manufacturing. However, in order to do so, it must formulate a specific policy with regard to financing, tax exemptions and more generally, the area of relations with other countries if we truly wish to promote the solidification of the capital goods industry. A great deal depends on the role to be played by the financial system, at a time when credit is not cheap or competitive compared with Brazilian financing.

Competing with foreign goods implies, for national industrial production, the initial observation that the introduction of such goods benefits from all kinds of privileges, ranging from advantageous exchange rates to financial benefits and including tax loopholes. There is no doubt that national industry is at a difficult crossroads, marked by a lack of protection in all fields such as capital goods, now being looked at by officials in the economic sector.

On Tuesday, meetings began between the minister of industry and commerce, the president of the National Development Bank and the executive secretary of planning for the purpose of finding a satisfactory way to face the competition of foreign products, especially Brazilian, in the capital goods sector, with which local production cannot compete. The old problem has become acute: It has recently been realized that national capital goods cannot compete with those from Brazil, given the great credit facilities made available to the buyer by CACEX, the Foreign Trade Division of the Bank of Brazil.

The problem is complex in itself and because of its implications for the basic productive structure and prices. The fact is that the nature of our economy -- essentially based on agricultural exports -- requires the supply of low-cost capital goods, especially with financing at relatively low rates of interest with medium-range repayment terms. That is the case of CACEX financing, which is at 8 percent.

What will happen, for example, if an obstacle is placed in the path of the importation of Brazilian machinery and equipment by virtue of Law 550, banning tariff exemptions, in order to aid similar products made in our country. This

question was answered on Tuesday by Minister Ugarte Centurion: "The metallurgical industry must have adequate financial backing because we cannot run the risk of depriving the domestic market of the possibility of acquiring such goods with ease. In so doing, we would unleash a cost increase that would once again hit the agricultural sector."

Role of Development Bank (BNF)

The National Development Bank may play a decisive role in aiding national industry because it would be the only financial institution with the capability of offering financing that can compete with CACEX, plus the fact that it can ban imports of goods produced nationally. But the problem is the interest rates which the Bank can offer. This credit institution has an annual interest rate of 18 percent for the purchase of machinery, while CACEX offers 8 percent annually, as already mentioned.

The possible alternative is, as the BNF itself has proposed in an analysis by Dr Rejis Sanguina, a way out through differential interest rates, with preference given to the metal machine industry, one of the sectors hardest hit by the avalanche of products from the neighboring country.

However, the final solution seems to lie in establishing a definite policy of credit to the industry considering the particular situation in which it finds itself, basically from the stiff foreign competition that does not give it room to breathe. The application of preferential credits is the policy to follow, although its formulation must pay heed to the special characteristics of our country.

In the case of the National Development Bank, its contribution could lie in the reduction of interest rates through a reduction in administrative costs. However, it is also a known fact that the recovery of money, which is many cases is difficult, could in the final instance be an obvious obstacle to the formulation of a policy of preferential credit to the industrial sector.

The challenge is posed for the economic officials. They will have to fight to restore the balance in the face of the great financial benefits which Brazil offers its exports of manufactured and capital goods. The obstacle is here, given the fact that the national financial system works along other lines, not based on the fact that it could help local industry, especially metallurgy and the metal machine and capital goods sector in general, including farm machinery.

Nevertheless, the fact is that the government will be forced to set up a preferential credit scheme for industry. Otherwise, the problem could get worse, with the resultant adverse effect on the currency drain. Minister Ugarte Centurion commented that many national and foreign businessmen do not want to invest in the industrial sector here because of the advantages Brazil gives its exports. The fact is that Brazilian products enter with broad privileges and this fact results in a slowdown of manufacturing ventures locally. "Very few want to take a chance," he said.

**CREDITOS DEL SISTEMA 1)
BANCARIO**
(Salos de cartera, en millones de
guaraníes)
(Con porcentajes de aumento)

	Sectores	1979	1980	%	1981	%
2)	Agrícola	15.379,8	16.424,0	6,8	20.582,4	25,3
3)	Ganadero	3.071,9	3.432,7	11,7	4.059,2	18,3
	Industrial	16.903,2	22.177,7	31,2	27.007,9	21,8
	Exportación	10.157,8	15.225,3	49,9	13.769,7	9,6
	Comercial	19.787,3	30.250,6	52,9	38.126,8	26,0
	Construcción	869,6	1.249,0	43,6	1.477,9	18,3
4)	Otros fines	4.469,9	6.184,9	38,4	6.873,3	11,1
	TOTAL	70.805,5	94.944,6	34,1	111.897,2	17,9

5) NOIA: Son créditos concedidos por el Banco Nacional de Fomento y los bancos privados. Los datos se extrajeron del Boletín Estadístico de Diciembre de 1981, del BCP.

Key:

1. Banking System Credits (balances, in millions of guaraníes) (with percentage increases)
2. Agricultural
3. Livestock
4. Other purposes
5. Note: These are credits granted by the National Development Bank and private banks. Information is from the December 1981 "Statistical Bulletin" of the Central Bank of Paraguay.

Law 550 and National Industry

An important announcement was made by the minister of industry and commerce last week in connection with the studies and likely decisions being analyzed to strengthen national industry. Liberal economists were told that as a result of an executive order to be promulgated soon, it will be established that national industry will have priority in any bidding for the public sector over foreign industry. The statement was made when the minister spoke of Law 550 and national industry.

The minister of industry and commerce revealed that with Law 550, 1,845 industrial projects were begun in the country, generating 53,000 new jobs. There

were investments of some 129 billion guaranis. However, the difficulty lies in the fact that some industrial branches cannot compete with their foreign counterparts, mainly due to credit advantages offered for the purchase of goods that can potentially be made here.

National industry could compete, given the criteria pointed out, if these requirements are met, according to all indications: 1) a ban on the importation of goods that are produced in the country, by virtue of Law 550; 2) the establishment of preferential credit for the capital goods industry, metal machinery and in general, any manufacturing activity accredited as necessary for national industrial development and the replacement of imports; 3) broad tax exemptions for the importation of consumable expenditures and raw materials going to replacement industries, even for export industries; 4) priority in bidding for the public sector with respect to foreign production; and 5) the possibility of generalized currency negotiation on the fluctuating free market for the purchase of industrial goods produced locally or that could potentially be produced in the country.

11,464

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END